FINANCIALTIMES

Amax buys

Canadian

company

for C\$2.8bn

By David Owen in Toronto

FALCONBRIDGE, the diversified Canadian mining

company, agreed in a surprise move yesterday to he hought by Amax, the US natural resources group, in a deal valued at C\$36% (US\$30.77) a share, or C\$2.8bn (US\$2.38bn).

The transaction promises to

create a world-scale resources company, with annual reve-

nues of more than US\$6bn and

interests in seven core businesses, including copper and

It may also thwart the ambi-

tions of Noranda, the Bronf-man-controlled resources

group, which has long coveted Falconhridge and which

recently increased its inexora-hly rising stake in the Toron-to-based company to 24.7 per cent. Mr Bruce Bone, Noran-

mining

World News

Main Kiev post office collapses on crowd

Part of the main post office in Kiev collapsed on a rush hour crowd killing an unspecif-ied number of people. Soviet TV reported that people were trapped under mounds of ruhhle and showed live footage of hundreds of workers, police officers and passers by working to clear the debris. The dramatic footage, cap-

tured by a passing cameraman, showed broken bodies being carried to waiting ambulances. Direct talks close Direct talks between Britain and Argentina could take place as early as this month follow-

ing Argentina's decision to drop a seven-year old import ban. Page 20 Senate troops vote The US Senate voted to require US troop cuts in Europe if Nato allies cut their forces and to order a study of gradual US force reductions in South

Budapest pledge

Korea. Page 6.

The Hungarian Government has pledged an irreversible shift towards integration into the western european economic order, Page 2

Donbas meeting Leaders of the Soviet miners' strike in the Donbas coal field have called a mass meeting for Sunday to decide whether to form their own independent

trade union. Page 2

Suez widening plan Egypt has commissioned a \$2m feasibility study into widening and deepening the Suez canal.

Sibn for Adriatic The Italian parliament approved an emergency fund of nearly \$1bn to clean up the Adriatic Sea, where slimy algae washed up on hilliday beaches has crippled fourism.

Pollution law plan A system of civil liability for those who cause environmental damage with various types of industrial waste was put forward by the EC. Page 2

Bus plunge kills 60 About 60 people were feared killed when a bus plunged off a mountain road into a river near Bislig, in the southern Philippines.

SA hospital protest Doctors ignored race laws and treated patients among thousands of blacks who descended on South African whites-only hospitals in the first shot of.

a campaign against next

month'e segregated elections.

Socialist leader dies Michael Harrington, the US socialist leader and honorary president of the Socialist International, has died after a long battle with cancer at the age

Tourists flee fires: Hundreds of frightened tourists and villagers around Marseille escaped France's worst forest fires in 20 years by clam-bering aboard fishing boats as flames swept the southeast

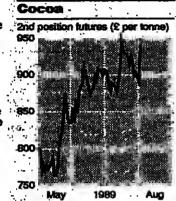
Bus load of trouble Camerounian pop star Obama Essoma Juliot de Feu is being sued for divorce by 15 of his 45 wives because he refuses to buy them a car-he says they would not fit in and is saving for a minibus.

Business Summary

Monopolies chief quits

announced his resignation over disagreement with the pro-posed aerospace and defence merger between Daimler-Benz and Messerschmitt-Bolkow-

COCOA futures prices leapt to the highest level since August last year as strong rumours circulated that Phi-



house, had bought 500,000 tonnes of the Ivory Coast's 1989-90 crop. On the London futures market the December price closed £52 up at £943 a tonne. Commodities, Page 30

IRWIN Jacobs, Minneapolis corporate raider and takeover specialist, renewed his attempt to huy Avon Products, world's biggest marketer of cosmetics and toiletries. Page 21

to tank about washington's charge that Tokyo is an unfair trader without either side loa-ing face, according to Japanese government officials. Page 3

US bank holding company, said it would seek a "broad-based reduction" in its worldwide workforce over the next 18 months. Page 23 HOLLANDSCHE Beton Groep,

largest Dutch construction Stewart, UK's biggest privately held construction company, as part of expansion plans ahead of the 1990s. Page 21 TADIRAN, Israel's top con-

producer, is poised to announce an unexpectedly sharp loss of \$75m for the first a damaging blow to the efforts hy Koor Industries, its parent, to overcome debts. Page 22

COOPER Industries, acquisitive Houston industrial group, is merging with Cameron Iron Works in a \$600m deal as part of the consolidation of the US

HANOMAG, Hanover-based construction equipment group, has confirmed that Komatsn of Japan, world's second largest construction equipment company, has bought 24.9 per cent of its equity. Page 23

BARCLAYS, largest UK clear-ing bank, followed the Lloyds and National Westminster by declaring mid – year profits lower than last year after heavy provision against Third World debt. Page 21

WORLD International, top holding company of the Hong Kong property, transport and hotels empire controlled hy Sir Y.K.Pao, increased its con-solidated profits by 22.7 per cent to HK\$808.3m (\$103.6m).

COMPANHIA Vale do Rio Doce, Brazil's largest mining company, is to spend \$4.2bn between 1989-95 on new pro-jects and diversifying from iron ore. Page 23

USX. US energy and steel group, sales are expected to be slower in the second half than in the first half of 1989.

over Daimler, **MBB** merger

The Chairman of West Germany's Monopolies Com-mission, Prof Ulrich Immenga, Blohm (MBB). Page 20

lipp Brothers, the hig US trade

UNIFAIR trading: US and Japan have finally found a way to talk about Washington's

J.P. MORGAN, fourth largest

sumer and defence electronics six months of this year, dealing

oil service industry. Page 23

Page 22

Washington adopts twin-track policy in effort to defuse Middle East hostage crisis Sixth Fleet backs Bush diplomacy

6th Fleet HQ

USS Coral Sea

craft carrier, 80 aircraft + 2 missile cruisers

EGYPT

USS America

coming from Singapore

aircraft carrier, + 2 escor

Marseliles

USS lowa

By Peter Riddell in Washington, Hugh Carnegy in Jerusalem and Andrew Gowers in London

THE US yesterday broadened its diplomatic efforts to prevent the killing of American hostages held in Lehanon, while concentrating its naval forces in the eastern Mediterranean in case President George Bush decides upon military action.

This twin-track approach developed as the White House dampened expectations of a quick solution and tried to defuse any crisis atmosphere following the reported banging of an American hostage in Leb-anon on Monday. Mr Bush said his Administration was "leaving no stone unturned" in try-ing to free the Western hos-tages in Lebanon, but admitted that the US lacked hard infor-

mation to go on.

The Pentagon has ordered several ships in the 24-vessel US Sixth Fleet in the Mediterranean to cut short or cance arranged port visits to be ready to intervene if needed.

A Pentagon spokesman said these movements were to meet "operational commitments", though he declined to say where the ships were going.

THERE are 24 US warships in the Mediterranean, with a further 20 or so in the Gulf and Indian Ocean. A total of 14 vessels have cut short port visits and could potentially be deployed. They include: The battleship lowa, now in Marsellies, which carries 16-in guna and Tomahawk.

The multi-role aircraft carrier America (60,000 tons), under way from Singapore.

The Belknap, a guided missile cruiser and flagship of the Sixth Fleet. The 40-year-old aircraft carrier Coral Sea, which teft Alexandria shead of plan.

Mr Marlin Fitzwater, the

white House press spokesman, sought yesterday, after a fur-ther meeting between Presi-dent George Bush and his advisers, to play down the sig-nificance of the naval moves in the Mediterranean. He said they were aimed at increasing preparedness and sought to cool speculation about the possibility of a mili-

tary strike. But with no sign of a political solution in sight and another American hostage, Mr Joseph Cicippio, under threat of "execution" at 6pm Lebanese time today, the movements of US warships inevitably heightened the tension in the Middle East.

LIBYA

Hizbollah (the Party of God), the Shia Moslem fundamentalist group believed to be holding Western hostages, reacted swiftly to what it saw as an implied military threat. In Bei-rut, Sheikh Abbas Musawi, a senior Hizbollah figure, told the Reuter news agency that if

TURKEY

Beiru

Rec

Alexandria

the US takes military ection: "There will be no limits what-soever to our reprisal." On the diplomatic front, the

US is involved in intensive discussions with all parties in the regioo, including Syria and indirectly via third countries Iran, to prevent further threatened executions.

Mr Busb has also contacted the Pope to seek the assistance of the Vatican in recovering the body of Marine Lt-Colonel William Higgins, a US officer on secondment to the UN in Lebanon, whose hanging was announced on Monday hy a

Moslem extremist group.

Mr Javier Perez de Cuellar,
the United Nations Secretary General, has meanwhile dis patched a senior political aide to Beirut to investigate the reported killing of Lt Col Hig-

The Revolutionary Juatice Organisation, one of the extremist groups linked to Hiz-hollah, is threatening to kill Mr Cicippio, chief accountant at the American University of Continued on Page 20 Israeli plan, Page 4

da's treasurer, said yesterday the company was "examining available options." At worst, the group can expect to turn a healthy profit on its investment in its fellow base-metals miner - its stock correspondingly climbed C\$% in morning trading on the Toronto Stock Exchange to C\$25%.

C\$25%.

Falconhridge stock, meanwhile, climhed sharply to C\$36%, a slight premium over the Amax hid, suggesting that some investors believe a counter-offer may be in the pipeline.

The offer is widely helieved to be a generous one, however.

"The best valuation we had on

"The best valuation we had on Falconhridge was C\$30 a share", said Mr Rick Cohen of Toronto's BBN James Capel. "If I was Noranda, I would have to think twice hefore coming up with a better one." Partially reflecting such sentiments, Amax shares slipped US\$% in New York to \$24%. Amax intends to finance the bid through an as yet undeter-mined mix of cash, new bor-rowings and available lines of

The offer is conditional upon acceptance hy holders of at least two-thirds of outstanding Falconbridge shares and could therefore proceed irrespective of what Noranda decides to do. In addition, Amax has been granted for 45 days an option to huy for C\$356.7m a debenture convertible into 9.9m Falconbridge shares. The dehen-ture may be converted only if Amax acquires 56 per cent of Falconbridge shares in its ten-der offer. If this happens, Amax can create the extra stock to bring it up to the two-thirds level — if it is prepared to foot this additional bill.

'Dowry' for UK water companies

By Richard Evans and Andrew Hill in London

A "GREEN DOWRY" of more than £1hn (\$1.65bn) is to be injected into the water anthorities in England and Wales to help pay for environmental improvements, and virtually all the industry's debts written

off before privatisation.

The financial package announced yesterday by Mr Michael Howard, UK Water Minister, after long and often acrimonious negotiations with leaders of the 10 authorities, was attacked by the opposition hut widely welcomed in the London financial markets as a realistic platform from which to launch a successful flotation

in November.

Political opposition remains intense. Mr Jack Cumningham, the opposition Labour Party's Environment Secretary, said the announcement confirmed that water consumers would be fleecad in order to pay for the first phase of privatisation, and "the dowry" would be a drop in the ocean in terms of what was required to bring the UK's water up to EC standards. The "green dowry" proposal

is intended to dampen widespread hostility to the privatisation measure and it will mean that charges will rise by a smaller amount than industry leaders were demanding. Even so, increases will be

By Stefan Wagstyl in Tokyo

A FORMER Japanese cabinet minister yesterday emerged as

the front-runner within the rul-

ing Liberal Democratic Party

to replace the disgraced Prime

Mr Toshiki Kaifu, 58, has been singled out by the LDP leadership after 10 days of

tense negotiations between the

factions which make up the

party. Mr Uno last week

announced his intention to resign after the party's humili-ating defeat in elections to the upper house of the Diet (Parlia-

Senior party figures believe Mr Kaifu will appeal to the public because he is relatively young and has a clean political

reputation. He was close to Mr

Takeo Miki, the former prime minister, who pushed through reforms after the Lockhead

bribery scandal in the 1970s. Party leaders have decided

to choose the new prime minis-

ter by ballot, to answer charges that the LDP is

he held next Tuesday. But this

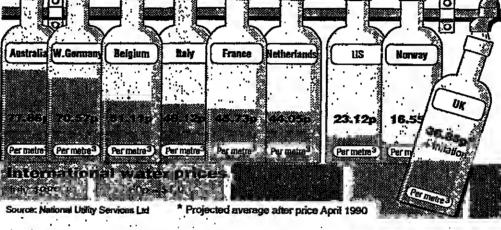
CONTENTS

ocratic. An election will

The mission impossible of

managing the Pentagon

Minister Mr Sousuke Uno.



considerable, averaging around 5 per cent above the rate of inflation annually over the

The indications are that the the extent of the injection of new funds is considerably more than proposed initially by the Government. The out-come was welcomed by the water authorities as a good balance between the interests of the consumer and investor.

The announcement, which also included price ceilings for the privatised authorities for

Kaifu emerges as front-runner

only serious candidate.

However, Mr Kaifu lacks an

independent power base within

the party. He is a member of

the smallest of the LDP's five

factions - that headed by 78-

year-old Mr Toshio Komoto. Mr Komoto himself wanted to suc-ceed Mr Uno, but he was yes-

terday persuaded to abandon

his campaign by the party's key power brokers, Mr Shin Kanemaru, de facto leader of the largest faction (that named after Mr Noboru Takeshita, the

former premier) and hy Mr Shintaro Abe, head of the sec-

ond biggest faction. Mr Kaifu is thus widely seen as a puppet of

the party establishment.

Mr Kaifu has emerged as the establishment favourite pre-

of his power base. The original front-runner among the younger generation of party leaders. Mr Ryutaro Hashi-moto, the LDP secretary gen-

eral, was forced to drop out

because he was too powerful

cisely because of the weakne

will he reduced to a and too popular.

to replace disgraced Uno

the 10 years after flotation, means that the sell-off programme, the most complex and contentious so far attempted by the Thatcher Government, mains on course for a flota-

tion on November 22. Industry analysts thought Mr Howard had done enough to dispel worries that the authorities might be unable to fund their massive capital investment programmes.

But the Government can still alter the investment potential of the individual authorities by adjusting the number of shares

Mr Kaifu'e succession is not

cut-and-dried, however. Some

party membera have com-

plained about his links with

Recruit, the company at the centre of the financial scandal which has played a big part in

the LDP's current crisis. Mr Kaifu yesterday admitted he had accepted Y15m (\$110,000)

in donations from Recruit over

five years, but he insisted that

all the contributions had been properly accounted for. There

is no suggestion of wrong-do-ing, but the connection could

Mr Kaifu is regarded as an honourable and unremarkable

politician, known for his elo-

likely euccessor as faction head. He entered the Diet in

1960 and has twice been Educa-

tion Minister. He has little

experience of foreign or eco-

nomic policy-making.

Background, Page 4

Foreign travel: Wealthy West Germany wid-

World tradez India bucks trand by seeking

Tokyo: Powerbroker behind the Japanese

Editorial Comment: America'e thrift criels;

Lombard: The teenager'e trade guide ...

nagement: Why Marriott le wooing its cus-

ens its holiday horizons .

better links with China.

private water, public costs

political throne

He is seen as Mr Komoto's

quence and fair-mindedness.

be damaging.

pany, the dividend yield and dividend cover, and, most important, the price.

London markets were pleased and surprised at the cash injection. Apart from writing off Government deht of £4.9hn, the injection of new cash will also cover £300m of external third party debt in the balance sheets.

All hut one anthority will start life in the private sector with no debts. Editorial Comment, Page 18; Lex, page 20

Siemens and GEC close in on **Plessey**

By Hugo Dixon in London

GENERAL ELECTRIC Company of the UK and Sie-mens of West Germany yester-day cleared the final regulatory hurdle in their nine-month campaign to acquire Plessey, their smaller British electronics rival.

The Anglo-German consortium now has three weeks to decide whether to relaunch a bid for Plessey, paving the way for a restructuring of Britain's telecommunications, defence electronics and semiconductor

Siemens had signed undertakings designed to protect national security and preserve competition in the UK defence electronics market. These undertakings were required by the Monopolies and Mergers The news, although expec-

share price up 5p to close at Continued on Page 20

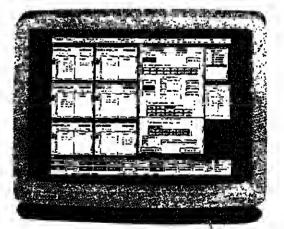
industries.

The British Department of Trade & Industry announced at 9am. yesterday that GEC and

ted, seot Plessey's London Defending the nation's defence industry, Page 26; Lex,

NORDEX_{TM}

On 18 August a revolutionary new Nordic share trading system arrives.

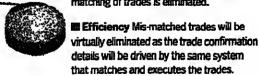


18 August sees the advent of Nordex the first electronic market place for professional investors trading in shares in the four Nordic countries - Denmark, Finland,

Norway and Sweden, For the first time traders, market makers and investing professionals - everywhere - can have access to each other for direct dealing in the nonrestricted shares of Nordic companies. Bid and offer orders can be matched in fractions of a second,

eliminating the need for telephone calls, ticket writing and post deal matching. The pulse of traditional auction and open outcry markets are combined in the Nordex

Integration Pre-trade information, push button execution and post trade information are all available on one system.



■ Productivity The need for verbal or written confirmation or post-deal matching of trades is eliminated.

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scrupulously fair. ■ Speed Nordex cuts scross the barriers of the traditional telephone market, making it possible

to complete deals in fractions of a second.

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MARKETS

New York lunchi

New York: Comex Dec \$377.71 \$369.75 (368.75) N SEA OIL (Argus)

Brent 15-day Aug \$\$16.9 | 17.2)

SELLING PRICE IN IRELAND 60p, IN MALTA 40c

STOCK INDICES DOLLAR FT-SE 100: DM1 8528 FF18.2745 SFr1,593

Y136,285 DM1.8515 (1.865) FPr6.2725 (8.315) 3Fr1.592 (1.6075) Y138.1 (136.75) \$ index 68.4 (68.8) Tokyo close:Y136.2 US RATES Fed Funds 812% 3-mo Treasury Bills: ylekt; 7.88% -

yield: 7.83

2,307.8 (+ 15.5) FT Ordinary: 1.923.9 (+14.1) FT-A All Share: 1177.18 (+0.6%) 9.37 (9.35) New York lunch DJ Ind. Av. 2,649,66 (+8.54) Tokyo: Nikkei 34,899,34 (+0.88) LONDON MONEY

FT-A long gilt yield index high coupon:

3-month interbanic closing 1333 (same) is used to size. Page 19

Donald Atwood (left),

US Deputy Secretary of Defence, is resp-

onsible for a hureau-

cratic labyrinth which

despair. Fortunately,

after nearly 30 years

at General Motors, he

has driven many of his

Lext Water, Barclays, MFI, Blue Circle ... Financial Futures _____ 38 Observer Lex .

-Wall Greet 39-41 -London 39-41 -London 16

EUROPEAN NEWS

Brussels ready to act over | Soviet Montedison tax deferrals

THE European Commission has given the Italian Govern-ment two months to change or abolish a law granting L825bn (\$615m) of tax deferrals for Mr Raul Gardini's Montedison

chemicals group.

If Rome fails to comply, the Commission will take it to the European Court of Justice for allegedly failing to apply strict EC rules against state aid. The ultimatum is contained in e letter from Sir Leon Brit-

tan, the Competition Commissioner, to be delivered this morning to Mr Adolfo Battaglia, Italy's Industry Minister. This is the first step of a formal procedure under the EC Treaty's Article 93, which allows the Commission unilaterally to ban any state subsidies "incompatible with the common market," or likely to distort competition. distort competition.

Failure to reach agreement with Brussels could mean e serious setback for Enimont, the leading chemicals company formed last year by the merger

with the chemicals activities of Em, the state energy company. Enimont is widely seen in Italy as the main hope for the revival of the country's chemical industry.

The move could also exacer-

bate divisions within the Italian Government over whether the tax incentives were justi-

Mr Gardini, head of the Feruzzi group, demanded the tax break as a condition for allowing his subsidiary, Mon-tedison, to go ahead with the The Commission believes

this is an illicit state subsidy, artificially strengthening the company's financial position. The Government decree at the heart of the row allows Mr Gardini to defer 75 per cent of the tax bill arising from the capital gain Montedison realised when transferring some of its assets to Enimont.

The Commission objects to the fact that the terms of the decree are so specific that Enimont is almost the only company likely to be able to bene fit from the tax deferrals.

Ostensibly, the scheme is designed to make it easier for Italian companies to merge in the run-np to the 1992 creation of a single European market. But it is limited to very large groups and leaves a great deal of discretion in the choice of eligible deals to Cipe, the Italian inter-ministerial committee for economic planning.

"It can only apply to a very limited number of companies — only Montedison in fact," said a Commission official. Sir Leon's decision comes in response to an offer from Mr Battaglia to change some of the terms of the scheme - popularly known in Italy as the Enimont law - to bring it more into line with EC competition regulations.

Mr Battaglia's efforts went some way towards meeting some of Brussels' concerns, a Commission spokesman said.

West German output falters

By David Goodhart in Bonn

WEST GERMANY'S industrial production figures rose by less than expected in June and the figure for May has been revised down even further, triggering the first anxieties that the recent burst of growth may be faltering on capacity con-

The May figure - revised down to minus 4.6 per cent on the previous month - was severely distorted by an unusu-ally high number of public hol-idays. The June figure of plus 2.5 per cent may also have been held down by an earlier

vows to free

THE Hungarian Government

has pledged an irreversible

shift towards a market econ-omy, and integration into the

western European economic

order, in a memorandum to the

group of 24 nations giving aid to Poland and Hungary. The memorandum firmly

connects the "establishment of the institutional system of the

replacement of "the monopoly

of a single party...by pluralism" and the introduction of

autonomy of the individual".

institutional guarantees of the

It is frank, too, on the prob-

lems which Hungary's econ-

omy expects to encounters as it

attempts to restructure - chief

among these being the "sub-

stantially larger growth of

unemployment as a result of the accelerated structural

changes and closing down

unprofitable enterprises (which)...could lead to serious problems in certain regions".

trade, which has been in sur-plus, is expected to deteriorate

this year largely because more

Hungarians are now able to take holidays - and mon-

In a key passage, the Gov-

ernment mekes it clear it

wishes to construct a free-marwishes to construct a free-market multi-party state, with Western aid – even, as it stresses, "if it initially causes social conflicts".

It says Hungary should

become an equal member of

the community of the devel-

oped democratic nations with

an open market economy based on the equality of different forms of ownership and inte-

grated into the world economy

with a transferable currency hy the early 1990s. It also

promises the reduction of its

balance of payments deficit. financial support from the IMF and the World Bank for its

medium-term economic pro-gramme, ensuring finance

from the private capital mar-

ket, increasing investment capital, and establishing external

contingency funds.
In particular, it calls for

Western Governments to help expand the nascent Hungarian

bond market, and to open new markets, as in the US, for Hun-

garian banks issuing bonds.
It also volunteers to assist
with food aid to Poland – but
adds that "obviously, Hungary

is not in a position to offer aid free of charge, therefore Hun-

ree of charge, therefore Hun-garian shipments would be paid from EC funds".

It wants the European Com-munity, which convenes the group of 24, to stop treating it as a "state-trading country"; the elimination of all quantiti-

tive restrictions in trade between Hungary and the EC.

enlargement of market access

external debt of \$22bn Hungary wants the group of 24 to consider issues including medium term financing for the

ey - ahroad.

Its hard currency balance of

Hungary

economy

By John Lloyd, East

European Editor

market econom

than usual start to the summer holidays in some states. Nevertheless, the June fig-ure was described as "distinctly disappointing" by Mr Giles Keating of Credit Suisse First Boston. Ms Sabina Bluemel of Morgan Grenfell said that the disappointingly weak bounce back in June might be the result of capacity constraints. The IFO economic institute in Municip has

isation was up to 89 per cent in However, while the Bundes-

institute in Munich has recently said that capacity util-

bank may interpret the figures as another sign of over-heat-ing, requiring continued mone-tary tightness, most analysts caution against reading too mnch into two months' figures, which were in any case 2.2 per cent above the same two months last year. The second quarter GNP fig-

ure may not keep np the momentum of the 42 per cent rise in the first quarter, but industrial orders remain strong and most analysts continue to expect growth above 3 per cent this year.

Apart from Mr Avaliani's

drafted in conjunction with the Soviet Government, effectively gave a veto to local union committees on any strike. The amended draft presented to the Soviet Parliament yesterday still places a whole range of restrictions on workers planning strike action to tackle their grievances.

official Soviet news agency, complete answer."
Tass said the draft failed to

as well as ignoring the emergence of new forms of property relations, such as lease-hold-ing, in the Soviet system. The law does provide - for

Union · for conciliation and arbitration panels, to be cho-sen on the principle of equality between the conflicting par-

unable to agree on a final ver-sion of the strike law last night and decided instead to publish the draft for a full public debate before finalizing it in the autumn. Mr Avaliani said in his inter-

to convertibility would be For Bulgaria's young, able party technocrats and economists, these are frustrating times.

miners to meet over free union

By Quentin Paci in Moscow

LEADERS OF the Soviet miners' strike in the giant Donhas coal field have called a mass meeting for Sunday to decide whether to form their own independent trade union. The move was revealed yesterday as the strike committee leader in the West Siberlan Kuzbas, the other main strike centre, called for "fundamen-

tally new trade unions" to replace the official bodies. Mr Teimuraz Avaliani, who is also a member of the national Congress of People's Deputies, denounced the "servile subordination and lack of independence" of the official trade unions. "Purely cosmetic repairs are not enough," he said.

"Fundamentally new trade unions have to be established perhaps alternative trade unions. In an effort to contain the

rising tide of demands for inde-pendent trade unions, the Soviet authorities have promised new elections for all local union committees.

However, the miners are deliberately pressing ahead

with alternative proposals as well. The very fact that the strike committees have refused to disband, but remained in existence as "workers' commisions", suggests the beginnings of an independent movement.

The meeting in the Donbas town of Donessk, to be held in

the local football stadium, will discuss three questions: whether to found an independent union, or simply to set up an independent "workers' conneil" which could work alongside the existing bodies, or whether to be satisfied with wholesale replacement of local union officials in the forthcom-

ing elections.

Some 4,000 representatives from Donhas mines are expected to attend, Mr Yuri Boldaryev, a member of the Donetsk strike committee, said,

forthright attack on the official trade unions in the latest issue of Moscow News, members of the Supreme Soviet yesterday gave a rough ride to Mr Stepan Shalaev, chairman of the All-Union Central Council of Trade Unions (AUCCTU), over his draft of a new strike law. The original union version,

rather inconsistent interpretation of economic

*Deputies asked Shalaev numerous questions concern-ing the draft law, Tass, the reported last night. "Not in all cases did he give a clear and

take account of the new phe-nomenon of strike committees,

the first time in the Soviet

However, the deputies were

view that Mr Shalaev's AUCCTU was "just another echelon of power, which commands us. This is why it did not even occur to us to invite Shalaev to have a state of the state of Shalaev to be on our side."

Civil liability plan has wide consequences for European companies Brussels aims to make polluter pay

A SYSTEM of civil liability for those who cause environmental damage or personal injury with various types of industrial waste was put forward by the European Commission yesterday. The proposal, which could have far-reaching financial and legal consequences for European legal consequences for Euro-pean companies, was hailed by Mr Carlo Ripa di Meana, the Environment Commissioner, as "one where the aim is to apply the principle that the polluter

must pay.

"What's more," he added,

"by placing the responsibility
for risks clearly with the producer, cleaner technologies will hecome all the more

Zhivkov

finds a job

for the boy

WHEN BULGARIA'S President Todor Zhivkov was visiting his

Soviet mentors recently, he told Moscow Radio firmly that "every fraternal party and state is fully independent in

determining forms of social development."

And, on his return, he

proved as much by appointing

to senior positions a series of friends and relations who

could be relied upon not to

show too much enthusiasm for the reformist kind of "social

development" being pursued

by the Kremlin.
To the dismay of Bulgarian writers who had tried to widen

which was not not the boundaries of giasnost, Mr Zhivkov made his 36-year-old son Viadhair, a man not noted for his intellectual talents,

head of a new central committee department for

Mr Gencho Arabadzhiev, the tough editor of the Communist

party daily, was put in a charge of the media department; and Mrs Stanka

Shopova, the Komsomoi first secretary who is thought to be

particularly close to the

President, was promoted to run the propaganda and agitation department.

The appointments were presumably intended to consolidate the veteran

leader's position and ensure

that he remained invulnerable

to critics who oppose his

While President Zhivkov has

paid lip service to radical ideas about the economy, few of them have been translated

In May, he spoke about

leasing out plots of land; a year ago, he said the banks would be independent; two

years ago, he promised

enterprise managers a freer hand. But there has been little

sign of these proposals being

implemented.
In part this is because

Bulgaria's rural populist traditions are an obstacle to

the creation of a market economy; the wealth amassed

by taxi-drivers and restaurant

owners in the fledgling private sector is drawing criticism.

President Zhivkov's recent

signals on economic policy

have heen particularly

At a recent central committee meeting, he said at one point that the leva,

Bulgaria's currency, should be made convertible immediately – and at another that the road

into practice.

confusing.

By Judy Dempsey in Vienna

The imitative, which has to be approved by the member states, is in part a response to

the obligation previously imposed on the Commission to set up a civil liability system for the shipment scross fron-tiers of hazardous waste, in part the carrying out of the remit given to Brossels by the Council of Ministers in the wake of the spiliage at the San-doz plant in 1988.

The twin objectives are to put the victim of an accident in

an easier position and to har-monise competition conditions resulting from differences over liability in national laws. At the same time, by making the producer bear the risk the Commission feels that the waste problem can be minimised, since he will be encouraged to take preventative

The proposal applies to all

wastes generated in the course of commercial activities, except nuclear wastes or hydrocarbons covered by the Brussels Conventions of 1964 and 1971 (which excludes domestic wastes and wastes arising from other products after use by consumers, such as solvents, paints and bat-teries). In these cases the pro-duces of the product is consid-ered too removed from the

The Commission pointed out yesterday that strict liability for damage to the environment is gaining ground, notably in Belgium. West Germany, Greece, Italy and Spain. In other member states, case law is learning towards the same principle.

"Strict liability above all is a means of improving the victim's position and of preventing the operators concerned from building up a virtually impregnable position by sending the bell from one court to another to spin out an interminable, extramely costly case," a spekesman said pasterday.

"Introduction of strict liability would enable victims to ity would enable victims to seek imusedints radress from the sole person liable, consider-ably boosting their chances of

The separate category of damage to the environment—as opposed to injury—also follows the development of case law, though the Coumission's proposal is circum-ecribed with several condi-

Kiszczak looks for allies

By Christopher Bobinski

AS General Creetaw Risscrak, Poland's new Prime Minister, presented his plans for the future to Parliament yesterday, one of his Communist party colleagues in the leadership watching on television muttered: "There goes the next high-wire artist."

The general, who has run the country's police for the past eight years, takes over from the previous government with the inflation rate threatening to top 100 per cent and

with the inflation rate threat-ening to top 100 per cent and meat prices raised fourfold or more this week and no cer-tainty that when workers come to feel the pinch Polant might not, as he said yesterday, "face a catastropha which could

a catastropha which could sweep away more than just the Government."
Industrial production will probably fall this year and negotiations with the International Monetary Fund on an adjustment programme opening the way to new function. ing the way to new financing for Poland's debt-ridden econ-omy are still ahead, with little indication that the population is ready to stomach deflation-

ary policies.

The general will need all tha help he can get, and his short policy speech in Parliament yesterday showed he is looking to Solidarity, with whom he enjoyed good relations when he chaired round-tabla talks earlier this spring, to be "con-

structive in its opposition.
But he also needs the official parties in Parliament to maintain his majority ant Party (ZSL) most of all. The ractions accompanying his election, including a near-re-volt by ZSL Deputies and the feelers some of them put out to Solidarity on Tuesday in the hope of forming a coalition, show how unstable the political arrangement in Parliament

For the Communists, with their 173 seats in the 460-seat chamber, are unable to rule without the ZSL, which for many years was no more than a rubber-stamp after its anti-Communist leadership, including Mr Stanislaw Mikolajczyk, was forced to flee the country in the immediate post-war

The ZSL is now in a deep crisis, knowing that it will not survive the next elections, which are promised to be entirely free, unless it estab-lishes a separate political iden-tity. On the other hand, it is tied to the Communists, know-ing that a political crisis bring-ing free elections now will just as surely wipe them from the

political map.

Some 20 of the party's parilementary group are outright Solidarity sympathisers and several more are not far behind. The party's congress in the next few months should bring a change in leadership aligning the party as a whole much more with its 76 Seim Deputies.

But even before that hap-

pens the group in Parliament could split, with the Solidarity sympathisers choosing to form a new party taking its inspira-tion wholly from the Mikolajczyk years.

isjezyk years.
Such a split would slim Gen
Kizczak's majority in Parliament and make his Government all the more dependent
on Solidarity, or leading to
elections before this Parliament's four-year term is out.

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OECD lauds Ireland for improvement in economy By George Graham in Paris

IRELAND'S

improvement over the past two years, but a determined policy effort is still needed to remedy some of the economy's imbal-ances, according to the Organisation for Economic Co-opera-tion and Development (OECD). The organisation says in its latest report that the country

must capitalise on the current favourable economic climate to reduce government deht, restructure the tax system and tackle the problem of unemployment through microeconomic reform. Growth has resumed after

stagnating at the beginning of the 1980s. Inflation has fallen below the OECD average, and the unemployment rate fell last year for the first time Economic growth is expected to remain above 4 per cent this

year and slightly over 3 per cent in 1990, but the OECD warns that domestic demand is likely to replace net exports as the driving force of the econ-omy. This would mean a drop in the recent large current account surplus and an increase in imported inflation. Government debt as a pro-

portion of gross national product has risen by two-thirds over the space of 10 years, the OECD says, before stabilising RELAND'S ECONOMIC OUTLOOK

IRELAND'S economic last year at 132.8 per cent of performance and prospects have shown a remarkable the highest debt ratio in the OECD area, however, and the organisation urges a strong effort to reduce the figure.

It warns, however, that a further increase in the tax bur-den, especially through raising Ireland's already very high marginal tax rates on personal income, could hamper economic growth hy damaging incentives and the cost competitiveness of the Irish economy.
The OECD recommends that

efforts should be concentrated on reducing government spending and on reforming the tax structure by broadening the tax base and reducing marginal rates. There is also considerable scope for more effi-ciency by reforming indirect taxation and corporate profits taxes, the report says.
With unemployment still

very high - 16.7 per cent last year - the OECD says govern-ment policies aimed at helping snstainable employment growth should have a high pri-It is also time, the OECD

says, for Ireland to embark on microeconomic reform, includ-ing liberalisation of exchange controls, airline deregulation and a shift in industrial policy away from investment subsi dies towards help in marketing and technology transfer.

	1988	1989	1990
Private consumption	2	3,25	3
Investment	0.25	8	7
GNP	0.5	4.5	3.25
Inflation	2.25	3.25	3.5
Unemployment (rate %)	16.7	15.5	15
Trade balance (\$m)	+3,081	+2,606	+ 2,622
Current balance (Sm)	+638	+502	+494
(% change year-on-your unless oth	erwise Indicated)		Source:0500



Irish discontented over share of EC aid money By David Buchan in Brussels

THE EUROPEAN Commission

THE EUROPEAN Commission yesterday decided on the national share-out of some Ecu36hn (£24m) in special economic aid to backward Community regions over the next five years, amid some signs of Irish discontent at getting less of an increase than Mediterranean countries.

Mr Bruce Millan, the Regional Policy Commissioner, is this week to inform the seven countries concerned how much they are to get, before making the figures public. But according to some reports, Ireland would get a 78 per cent increase in payments from Brussels' regional, social and agricultural guidance funds in the period up to 1993, Portugal 109 per cent, Spain 147 per cent and Greece 171 per cent.

Overall, these three so-called structural funds are to double in real terms in the 1989-93 period, with a heavy concentration on the four poorest EC countries. However, other ben-eficiaries of aid for backward regions are France (for Corsica and overseas departements), Italy (for the Mezzogiorno) and Britain (for Northern Ireland). Dublin ministers have

to award them, even to the point, according to one report, of suggesting that Ireland might review its conditional support for the Delors plan for economic and monetary union. The position of ireland, and indeed other of the poorer countries, is that they could only sustain membership of a

an increase in what they thought Mr Millan was likely

monetary union if they got big-ger transfers of EC money. However, EC officials point out that, though Dublin inight get a less dramatic percentage increase in aid, the fact that it started earlier and from a higher base than the other three countries means that aid would total Ecu242 per Irish-man compared to around Ecuiso per Greek.

Meanwhile, the Commission
approved the principle of a special aid scheme to help declin-

ing coal-mining regions, just as already exist for traditional steel making and shipbuilding areas. Community employment in coal mining fell by 40,000 jobs a year, much of it in the UK, between 1984 and 1988. The likely cost of the scheme would be around Ecu400m over recently been lobbying hard for five years.

Turkey breaks jail strike

By Jim Bodgener in Ankara

tunnels, said the ministry. However, this was immedi-

TURKEY'S Justice Ministry announced yesterday that it had moved 319 prisoners from a hunger-strike-bound jail at Eskisehir in the north-west. The move was necessary to enable reconstruction follow-ing the discovery of two escape

ately denounced by human

rights activists and friends and relatives as a pretext to break the 34-day strike, started in protest at the punitive regime introduced after the tunnels' discovery.

Five relatives were arrested as they tried to deliver a pro-

test to the ministry vesterday.
The prison reportedly contained 280 political prisoners.

Wealthy W Germany widens its holiday horizons

The world's record foreign travellers are turning their backs on Europe, writes Andrew Fisher

HEY ARE everywhere. Climbing Ayers Rock in the red heart of Australia, peering at wild game in Kenya, or simply idling on Mediterranean heaches, one nationality is always well repre-sented: the West Germans.

sented: the west Germans.

By far the world's record foreign travellers — German tourist spending abroad should exceed DM45bn (£14.5bn) this year — their preferences are becoming more exotic and adventise. turous as people become increasingly sated with the usual European desti-

With one of the world's highest standards of living, the West Germans can well afford to go travelling. Some can wen arrord to go traveling. Some 22m take at least one foreign holiday a year. A strong currency also helps, although the D-Mark has been relatively weak recently. What's more, holidays are longer than in most other countries, so Germans can afford to spend more than two weeks the countries. in one place, or take more than one break.

Last year set a new record for West German travel spending abroad, with a 5 per cent rise to DM44bn. Foreign travel rates very high in the order of preferences that Germans have," says Dresdner Bank in study of the sector.

"Asked to name the areas in which they would find it most difficult to economise, Germans place holiday travel immediately after the primary necessities of food and drink, shelter and clothing, but before hobbies, cars, and entertaining greats"

and ciothing, but before hobbles, cars, and entertaining guests."
But even while spending abroad was still rising last year, a disturbing trend began to emerge for the industry. The Mediterranean area, accounting for the bulk of West German holiday travel, became less buoyant and has remained weak in 1989. There are a variety of explanations for this, a variety of explanations for this, including the peseta's strength – Spain, the Balearies, and the Canaries are the mainstay of the industry – disgust with coastal over-building, recent airport congestion, hot weather at home, and heavy spending on new

cars.

"The euphoric expectations are cooling off a bit," notes Mr Hans Jakob Kruse, chief executive of Hapag-Lloyd. "But this may be healthy for the industry." Hapag-Lloyd, which runs a charter airline, a cruise ship, and a travel agency business, as well as its container shipping operation, obtains about a third of its revenues from tourism. After a period of solid growth in medium haul (Mediterra-

i,

nean travel), "there was a grinding halt near the end of last year." But long haul business, mainly across the Atlantic and to Asia, has been rising by 20 per cent or so. This, however, is by no means enough to make np for stagnation in the bread-and butter business.

"Long-distance holidays only make up about 5 per cent of the total holiday business," says Mr Otto Schneider, president of the German Travel Agents' Association (DRV). Earlier this summer, total tour business was down by 3 per cent, though he hoped the decline could be made up by the end of the season.

Compared with growth of 8 per cent last year and 12 per cent in 1987, the flattening out in 1989 has come as a disappointment to travel concerns. Mr disappointment to travel concerns. Mr Paul Scholz, chief executive of ITS (International Tourist Services), part of the Kaufhof retail group, reckons Spain is to blame. "A lot of people are avoiding Spain, because local prices are too high, whether for drinks in the hotel or eating out."

ITS bookings to Spain have fallen by 9 per cent this year, though overall business is down by just 1 per cent. Tour prices from West Germany have not risen, but the Spanish currency's

not risen, but the Spanish currency's

continued strength has eroded local purchasing power in D-Marks. Mr Scholz reckons tour operators, airlines and hoteliers in Spain should get together and work out ways of improving conditions and trimming costs for tourists. "Otherwise, the business will be kaputt."

Most tour companies — organised travel accounts for nearly two-fifths of foreign holidays — could not survive without Spain and the Canaries. "Majorca has more hade than the

"Majorca has more beds than the whole of Greece," says Mr. Schneider. Even so, it is not the favourite overall destination for travel. That distinction belongs to Italy, followed by Austria, and Spain.

Since most people drive to Italy and Austria, the tour industry benefits less But drawatte vegeta of eless to

less. But dramatic reports of algae in the Adriatic, where some resorts are like German mini-colonies in summer, have also put a damper on tourism in Italy. For there is no doubt that many West Germans are very choosy about where they take their holidays. Hence the trend to flying much further away, whether to the US, Asia, or the Caribbean.

"We are always booked out," says Mr Peter Menkel, sales director in West Germany for Singapore Airlines.

"We've had capacity bottlenecks for three years." The airline flies from West Germany to both Singapore and

West Germany to both Singapore and Bangkok and hopes for permission to put on more flights soon. Its average load factor to Asia is a very high 92 per cent, with business towards Europe also booming.

These days, more and more West Germans fly to Thailand, Hong Kong, Malaysia and other Far Eastern destinations, as well as to Australia and New Zealand. Bali, the Indonesian island, has also become a German favourite. China, however, has been struck off most travellers' plans after this year's anti-student brutality. this year's anti-student brutality.

As West German incomes continue to rise, and with further tax cuts next year, the tourism sector is hoping growth will resume. Still, the recent stagnation has had a sobering effect.

stagnation has had a sobering effect.
"The industry can't expect to maintain the high growth rates of recent years," says Mr Kruse.

One thing seems certain, though. Tourist spending will continue to be an important counter to the country's huge trade surpluses. Last year, West German holiday spending abroad grounded foreigners' dullers. West exceeded foreigners' outlays in West
Germany hy DM29bn, equivalent to
nearly a quarter of the trade surphis.

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to products covered hy self restraint egreements; a lower-ing of health and veterinary barriers and a swifter issuing of work permits for Hungarians working abroad.

THE US and Japan have finally

found a way to talk about Washington's charge that Tokyo is an unfair trader

without either side losing face,

according to Japanese government officials.

They said the two countries would discuss the US

allegations at a regular

meeting of their bilateral trade

committee, echeduled for September, "We can use this meeting to clarify what tha United States is saying without

actually negotiating with

them," a Japanese trade official said.

howls of protest from Tokyo when it charged Japan at the end of May with unfair trading

India looks to

export growth

EXPORTS seem set to play an

increasingly significant role in

Indian economic growth.
Figures released yesterday
show that during the first

quarter of the current financial

year, exports grew in rupee terms by 39.8 per cent to Rs60.4bm (£222.2m) and in dol-

lar terms by 16.9 per cent. This

rise follows increases in rupee terms of 29 per cent last year

and 26.4 per cent in 1987-88.

A further sign of the sharply

rising trend is that the Govern-

ment has approved so far this

year proposed investments of Rs30bn in new, 100 per cent export-oriented ventures. The

total for 1988 was only Rs18bn and in 1987 Rs3bn. The increase reflects a changing

perception amongst Indian

companies which are increas-ingly looking to exports as an integral part of their turnover,

rather than as an additional

Though manufacturing goods have easily overtaken commodities as the main

source of exports, the greatest

concentration of exports comes

from a few sectors like gar-

According to other figures issued yesterday, the trade deficit for the April-June quarter

declined by 16.6 per cent to

bonus to domestic sales.

long-term

By David Housego

in New Delhi

Washington triggered off

TOKYO FINDS WAY TO SAVE FACE OVER US CHARGE OF UNFAIR TRADING

Under the Super 301 clause of the omnibus US trade hill.

Japan has 12 to 18 months to

agree to change its ways or face retaliation from America.

Tokyo vowed not to negotiate with Washington

under the threat of retaliation

and instead proposed the talks be held under the auspices of the General Agreement on Tariffs and Trade, the

multilateral body that polices

But Japanese officials said the US flatly rejected the Gatt

option, leaving the two countries without a forum to

WHILE most countries are

shunning China, Sino-Indian relations have improved markedly for the first time

since the border war of 1962

with a big effort hy both countries to increase their economic contacts.

A trade delegation led by Mr Zheng Tuohin, China's Minister for Foreign Trade and

Economic Relations, is to visit

New Delhi next month for talks with Mr Dinesh Singh, Minister of Commerce, the first

high-level Sino-Indian meeting

on trade and related issues in

The meeting will review all aspects of Sino-Indian economic links, which at present are minimel. According to Chinese diplomats in New Delhi, the

ministers will consider ways in

which India can fill the gap in

China's trade created hy

Western sanctions. Last year trade between the

world's two most populous

nations was about \$160m,

mostly in silk and mineral exports from China. This is

now expected to increase

significantly.
Chinese diplomets do not

expect India to meet China's

three decades.

The solution is to use the

world trade.

discuss the issues.

Japan agrees to Super 301 talks

practices in supercomputers, already-established trade initiative reluctantly, arguing wood products and satellites. already-established trade initiative reluctantly, arguing that such fundamental issues

committee, which brings together senior officials from both sides every six months to discuss bilateral issues.

Jepan and the US are also

expected to hold their first

talks in September under the Structural Impediments Initiative (SII) which both sides

agreed to in Paris last month

just before the annual

economic summit.
The initiative is designed to

tackle the root causes of the

trade imbalance between the

two countries and is expected to address such issues as

India bucks trend by seeking

better trade links with China

Rajiv Gandhi: landmark visit

technology, snpplies of whichhave heen cut off by many countries. But they hope

India will be able to provide

technology in fields like agriculture, services, running

of the public sector and related

areas in which Indian expertise

ventures similar to those being

discussed by Indian private

companies with various Soviet organisations. There is so far

no Indian investment in China.

There are also plans for joint

to China

is developed.

needs to any significant extent In the meeting the Chinese are in defence equipment and high expected to explain their

of Mr Mikhail Gorbachev, the

Soviet leader, the hulk of West-

ern trade with the Soviet

Union was centred in Moscow

and channelled through the

Foreign Trade Organisations (FTOs) which were often the

bane of Western businessmen,

wbo regarded them as overhearingly slow and hureau-

But in the case of the Gert-

ners, they usually went directly to the enterprises themselves, helped by the fact that they had opened up an

office in Moscow in 1969 which consolidated their contacts.

sary because as the company

expanded - it now employs 200

people, with about 18 in Moscow it soon became agents for West German, Swiss

and Austrian firms wishing to

Development of the business has clearly been profitable.

Last year alone, Gertner exported to the Soviet Union machine tools worth DM30m.

changing Some enterprises are self-financing, free from the

FTOs and free to retain their

hard currency earnings. Alex-

ander reckons that this has made the Soviet enterprises

just as specific in their

enterprises are definitely

responding to the changes.

They want to give the workers

use because there is little to

buy with them. Understanda-

hly, the enterprises want to

earn hard currency."
He admits, however, that he

has not noticed the changes as

much as those firms which only started doing business

with the Soviet Union during

the past five years.
"I suppose, because we were there for such a long time, we

always had a good relationship

with the factories themselves."
Inevitably, the Gertners are thinking about the future. But

they rule out doing trade with

the rest of the East bloc.
"We have limited resources.

Besides, we do not want to

spread ourselves too wide.

"More roubles ere of little

"I know that some of the

demands too.

Now, of course, it is all

export to the Soviet Union.

This was all the more neces-

Another breed of Soviet

agent thrives in Vienna

Judy Dempsey reports on the firm that cracked

the secret of trading successfully with Moscow

high. They heve e sophisticated system. Without this

hasis, perestroika could not

have gone as far as it has," he

But what is even more inter-

esting is that the Gertner firm

does not seem to have encoun-

tered the difficulties which some of their US counterparts

face when doing business with

This is not because they cut

corners. The Gertners do not

deal in counter-trade. They are

paid in hard currency and all

their contracts have been met

One important reasons for

the relatively smooth operation

is that the family have the lan-

Marian, the father, and Danek, the uncle, both speak Russian, Polish and Hungarian

while Alexander has fluent

It's about patience

and the concept of

time. You cannot

expect to arrive in

Moscow one day.

sign contracts the

next, and fly home

Russian, as well as a degree in

mechanical engineering and a stint at a US husiness school to

On a deeper level, the Austri-

"It is ebout understanding

ans seem to identify with the Soviet mentality.

the concept of time, it is also

about petience and about waiting, says Alexander.

"You just cannot expect to arrive in Moscow one day, sign the contract the next and fly

home. That is a misconception

common to some of the Ameri-

cans and perhaps some of the West Germans. Here in Aus-

tria, we have a more relaxed

attitude towards time, he

deterred the company from

going out into the field and

ordering what they want for

Before the advent to power

Maybe so. But this has not

his credit.

the Soviet Union.

on schedule.

SMALL Viennese fami-

A small vienness in the ly-run company is reaping the benefits from

the changes taking place in the Soviet Union. This is not just

because the reforms are open-ing up considerable opportuni-ties for Western businessmen,

hut hecause the company knows how the system works.

M F D Gertner, whose main

headquarters are located in the

centre of Vienna, first started doing business with the Soviet

Initially, it had been involved in importing and exporting machine tools - items

which were vital for repairing

and rebuilding Austria's post-war industrial base.

"There was really no strategy involved at that time,"

says Mr Alexander Gertner, the 33-year-old son who now plays an important role in run-

ning the business. "It was all about survival, with everybody

But a strategy quickly evolved after 1955, when Amer-ican, British, French and

Soviet troops pulled out of

Austria.
"The Soviets had to find

agents for selling their indus-

trial products to the West. My father and uncle rose to the

challenge, and since then we

have been agents for Stankoim-port," says Mr Gertner. Stan-koimport is responsible for ser-

vicing and marketing the entire Soviet machine-tool pro-

It soon became the Gertners'

task to sell goods, ranging from rolling mill and foundry

plants, to equipment for the

mining and oilfield industry,

with the West German, Aus-

trian and Swiss markets specif-

Thirty-three years later, the Gertner business has sold more

than 12,000 machine tools, an

impressive number, given the

price - each one costs between

DM500,000 and DM600,000

(£195,000) - and the difficulties

in marketing Soviet equip-

Mr Gertner junior has few

qualms in defending the quality and craftsmanship of the

Soviet machine-tool industry.

prised but the quality is very

"You would be very eur-

(and more) makes Chase #1 in information and transactional services.

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Which is why we're now giving this division of Chase a title worthy of its importance: Chase InfoServ International. The fact is, Chase InfoServ International is already a leader in virtually every type of information and transactional service to corporations and institutions around the world.

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But we know that leadership depends on a genuine and ongoing interest in your problems and needs every day we do

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ically in mind.

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significant part of our business.

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size of the Chase InfoServ commitment.

average day.

transactions.

business with you.

trying to make some money.

Union in 1949.

as land policy and distribution cannot be decided in bilateral

that the ruling Liberal

Democratic Party's loss of

power in parliament'e upper house last month made it even

less likely that much could be

accomplished in the SII talks.

Japanese officials said the LDP would be in no mood to give in to US demands in

sensitive areas following its big

policies on foreign investment in the hope that India takes

Tha meeting follows the visit

of Mr Rajiv Gandhi, India'e

Prime Minister, to China earlier this year, an event that both countries consider a

landmark in their relations. A

working group on the contentious border issue was

then formed and it held its first meeting in Peking at the end of

June in an atmosphere that

both countries have noted with

India is among the few countries which failed to

condemn the recent Chinese action against etudent

demonstrators despite pressure

from some political parties which particularly wanted the Government to take advantage of the situation to raise the

In fact, the Indian

Government has gone out of its way to improve relations with China by not only holding the

meeting of the working group

on the border but also

participating in a trade fair that opened in Peking recently. China is now reciprocating

avidly by trying to normalise Sino-Indian relations as fast as

advantage of them.

satisfaction.

Tibet issue.

"I'm not very optimistic we

Japanese officials warned

negotiations.

election defeat.

Japan's complex distribution says hinders imports,

Japan agreed to the says hinders imports hinder we much," said a government economist involved in drawing up Japan's position for the talks.

Egypt to

investigate

deepening

Suez Canal

EGYPT has commissioned a

\$2m feesibility study into wid-ening and deepening the Suez canal to enable it to take ful-

ly-leden snpertankers, in

expectation of a resurgence in the oil market in the 1990s.

Fund for Economic and Social Development is funding the

18-month study hy the Dutch

Nedeco consortium in whether

to expand the weterway to accommodate tankers of up to 270,000 dwt. At present, canal

is restricted to vessels of up to

150,000 dwt. A dredging programme now in progress will allow it to take tankers of up

Nedeco has been asked whether it is feasible to

deepen the draught to 67ft. The SCA's decision to call for

a fresh study indicates a can-

tious approach to the long-pro-posed expansion of the canal. Executives want to be sure

that the substantial capital outley will be justified by

increased traffic, and that project costs can be contained.

PIRATED copies of US com-

puter software have vanished with the introduction of

Indonesia's copyright protec-tion agreement with the US,

writes John Murray Brown in

The accord, signed in March in Washington, covers books, sound recordings, films and

computer software. Though

not popular in Jakarta it is

seen as an important step as Indonesia seeks to win foreign

investment and to computerise

banking and other key ser-

industry \$80m e year in Indonesia. Before this week, a well

known software programme

worth \$500m was selling in

Jakarta for as little as \$10m.

Ericsson Radar Electronics

and Bofors Electronics will

receive subcontracts worth

SKr 1.5bn (£140m) from the

West German Amecon consor-

tium, which is expected to win

an Australian frigate order, AP-DJ reports from Stockholm.

Swedes win orders

Copyright abuse costs US

Jakarta.

vices sectors.

Pirates suppressed

to 180,000 tonnes

The Knwait-based Arab

By Tony Walker In Cairo

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Miti tells vehicle Powerbroker behind the Japanese political throne makers not to boost capacity

By Stefan Wagstyl in Tokyo

THE Japanese Ministry for try has issued a stern warning to the country's vehicle mak ers against expanding domestic production capacity.

The industry seems likely to ignore Miti's demand, just as it has for many years paid no attention to the ministry's efforts to promote mergers between Japan's 11 vehicle companies. Nevertheless, the warning indicates how con-cerned the Japanese Government is about aggravating trade friction with other countries especially the US.

Miti urged vehicle makers to cut plans to increase capacity "excessively" to avoid having to increase exports in future. It said that while demand in the Japanese market was strong this year it might weaken, as it already had in the US and in Europe. Then vehicle makers might redouble export efforts and cause diffi-culties with Japan's trading

partners. The warning comes amid a surge in investment by the vehicle industry in domestic capacity in response to signs that sales in Japan will reach a record in 1989 – the fifth consecutive year-on-year increase.

The increases have compensated for a steady decline in exports, caused by the strength of the yen and the expansion of overseas production by Japa-

nese vehicle makers. Almost every big manufac-turer is either adding capacity or considering additions to raise the current ceiling of about 12.5m units. They point out that domestic vehicle sales rose last year by 11.7 per cent to 6.7m and look likely to increase by 5 per cent or more this year, with a much larger increase in passenger cars.

The country's 11 vehicle makers are boosting domestic investment by 16.9 per cent to Y1,045bn (£4.6bn) in the financial year ending in March 1990.

Toyota Motor and Nissan Motor, the largest companies, yesterday declined to comment

on Miti's remarks. But Mazda Motor and Honda Motor, the third and fourth largest, said extra capacity was necessary.
Mr Yoshihiro Wada, Mazda's
vice president, said the industry had been short of capacity
in the past few years. The
increase in domestic demand
was not a short form about was not a short term phenome-

Mr Tadashi Kume, president of Honda, said popular models would be ont of stock even when plants were operating at full capacity.

Mazda is considering invest-ing Y50bn-Y60bn in a plant which would produce 240,000 cars a year at Hofu, Yamagu-chi prefecture, alongside an

existing factory.2 Honda has just completed a Y25bn assembly line at its fac-tory in Suzuka, with an annual capacity of more than 150,000 cars. It is building a Y10bn factory for sports cars in Tochigi, which will initially produce

6,000 cars a year.
Toyota said its annual capital investment this year of Y260bn is unchanged from last year. The group denied it was planning any great expansion of capacity in Japan. Neverthe-less, it is building an assembly line to produce 180,000 luxury Lexus cars e year from next

Nissan said capacity expansion formed no part of its present Y150bn e year investment programme, however, it was nsidering adding capacity.

The ministry said the industry should only instal new assembly lines to replace old ones. Miti forecast that the growth in demand would tail off. Vehicle sales would rise by only 2.2 per cent a year on average to 1995 to 7.8m units, against last year's 6.7m. By the year 2000 sales would reach 8.5m. room negotiations with other factions, orchestrated the emergence yesterday of Mr Toshiki Kaifu as the establish-

Toshiki Kami as the establishment candidate.

Many young and not so young members of the LDP bave heen complaining that this sort of horsetrading among faction bosses is a main cause of the party's corruption and bence its unpopularity.

They have been demanding that the faction system be abolished end threatening to disobey voting orders from their

However, as if to order, an object lesson to the dissidents of the practical effect of Mr Kanemaru's power suddenly occurred. On Tuesday morning, it was revealed that the government bad decided to build a new test track for linear motor cars in Mr Kanemaru's home constituency of Yamanashi, west of Tokyo.

The decision on this Y200bn (£884m) prestige project had been expected for months, with depressed regions in Hokkaido and Kyushn competing for it. But political analysts said yes-terday that there was never much doubt that Mr Kanemaru's friends in the transport ministry would look after him. The source of Mr Kanemaru's awesome power is easy enough to find. He has spent most of his long political

rewarding relationships with officials and their dependent industries along the way. "He is a master at nemonoashi, one government official said yesterday, in reference to the Japanese practice of carefully preparing the ground for favourable treatment.

His first and most important break came in 1971 when he was appointed minister of con-struction in the cabinet of former prime minister Kaknei

Mr Tanaka, later convicted for having accepted bribes from Lockheed Aircraft, had been a contractor himself before becoming a politician and had simple views about how politicians, contractors and the construction ministry

Ian Rodger charts the rise of Shin Kanemaru, the man pulling the strings in the leadership battle His ambitious public works programme, called "remodelling the Japanese archipelago" and involving the construction of new motorways and bullet train lines all over the country, was managed by Mr Kane-mara. Political observers say that Mr Kanemaru, his faction and the LDP, in that order, are still benefiting handsomely from the close relationships he established in those days. It was also during this period that he first espoused the idea, still prominent in the dreams of Japanese - contractors, -of creating a new capital city and moving the entire government out of Tokyo. He is still chair-man of an LDP committee that is studying the project, which has been estimated to cost a staggering Y20,000bn.

Mr Kanemaru is particularly admired for his careful ways. While Mr Tanaka was forced to leave the government in 1974. on charges of corruption in-property deals. Mr Kanemaru-remained untouched. To this day, his only brush with the law came in 1980 when be was caught failing to report Y32m in income to the tax authori-

He went on to consolidate his pork barrel power with stints in the mid-1870s as min-ister responsible for the National Land Agency and the National Land Agency and the Later last year, when a row before Agency and was then ready to start throwing his date for a provincial guberna, weight around within the torial election, it became

party.

The seminal event in his political ambitions appears to have been the marriage of his son to the eldest daughter of Mr Noboru Takeshita. From 1980, it was apparent that he had set his sights on Mr Takeshita taking over the leadership of the Tanaka faction and becoming white minister. He becoming prime ministr. He worked tirelessly for these goals, finally achieving both of them in 1967. In October 1967, as victory neared, he halped Mr Takeshita to set a record for raising money - Y2bn - at a single political raily. Mr Takeshita showed his

gratitude by making Mr Kane-maru deputy prime minister in his first Cabinet, although no one had any doubts anyway about who was the power behind the throne. Throughout the 18-month Takeshita regime, whenever there was any political turbulence in the air, Mr Kanemaru could usu-ally be sound nearby. In early 1988, the Diet was in an uproar over the boorish behaviour of the budget committee chairman, Mr Koichi Hameda and he was ultimately forced to resign. It turned out that Mr Hamada, who has been associated with gangster elements, had been selected by Mr Kane-

marn, with whom he has long had close links.

apparent that it was a proxy fight between Mr Kanemaru and a rival party powerbroker with strong connections in the construction industry. Mr Ranemaru was often Mr Kanemaru was often described as the mentor of Mr Takesbita, but his influence could be seen only in the government's handling of most domestic oriented issues. He showed no interest in intermational issues and was not bothered by ideology, carefully at

tional issues and was not bothered by ideology, carefully cultivating links with the opposition parties to smooth the passage of the Takeshita legislative programme.

Ironically, his political sensitivity failed him over the Recruit scandal. Mr Takeshita was forced to resign as prime mainister last May because of the public outrage over the minister last May because of the public outrage over the amount of moncy he had received from the Recruit group. Neither he nor Mr Kanemaru, who had spent their careers indulging in money politics, seemed to understand the threat the scan-dal presented to them

understand the threat the scan-dal presented to them.

Mr Kanemaru did not play a key role in the disastrous appointment of Mr Sousuke Uno as successor to Mr Tak-schitz, that they are a Mr Tak-Uno as successor to Mr Tak-eshita; that was an operation arranged hastily by Mr Takesh-ita himself. But be has plunged into the latest leadership battle with overt energy, perhaps realising that he is in a last ditch fight to preserve the kind of system of which he is the processed master.

career hovering around those ministries with the greatest pork barrel potential, building Police voice frustration as gangsters extend their reach

By Stefan Wagstyl

JAPANESE gangster organisations are huilding increasingly powerful national and international networks, able to carry ont complex operations including drug-smuggling, gun-running and extortion, according to a

EASONED analysts of the Japanese political scene were surprised at the outrage generated by disclosures that politicians had accepted

bribes from the Recruit pub-

lishing group.

In part, their surprise stemmed from their feeling

that there was nothing new in

the situation. Everyooe knew

that politics was corrupt. They

also suspected that there were many other cases more outra-geous than the Recruit one. "What they have done is noth-

ing compared to what Shin Kanemaru gets up to," one Lib-eral Democratic Party (LDP) insider said recently.

side Japan, Mr Kanemaru, 74, is probably the most powerful

politician in the country, and is living proof of the dictum that achieving great political power in Japan is unrelated to becoming prime minister.

in the past week, it is Mr Kanemaru who has been pullimental achieves and the LDP.

ing the strings as the LDP

lurched its way towards select-ing a new leader, even though

he holds no party or govern-ment post. Mooted as a candi-date himself, he craftily with-

drew last week and then

insisted that no one else within

his faction - the LDP's largest - run either. That put him in

a position of being able to deliver the votes that any other candidate would need to

win. And, sure enough, he was

Although little known out-

Japanese police report.

The largest groups of gangsters – called yakuza – have expanded their inflnence by taking control of smaller organisations by offering them money and protection, says

the National Police Agency in an annual report published this week.

The agency says tough new countermeasures are needed to deal with the yakuza -including changes in the law to allow the police to investigate the flows of money through the crime syndicates and to seize the proceeds of

illegal activities.
The police now find it

because they are rarely personally involved in crime and because membership of e gangster organisation is in itself not illegal.

As a result, yakuza lead surprisingly public lives — gangsters often do not trouble to hide the tatoos which show their allegiance to a particular group, their names appear on detailed police registers, their bosses figure frequently in almost impossible to gossip magazines. The three investigate yakuza bosses biggest organisations -

Yamaguchi-gumi, Inagawakai and Sumiyoshirengo – are among Jepen's largest privately-controlled businesses, involved in many legal as well es illegal activities - including real

estate development.

According to the police agency report, the number of gangsters has declined over the last 30 years from a peak of 5,216 gangs with 184,911 members in 1961 to 3,197 gangs with 86,552 members

last year. However, gangs with activities in more than one prefecture jumped from 22 per cent of the whole to 89 per

Moreover, Yamaguchi-gumi, the largest gang, increased most rapidly, says the report, and now accounts for 20,336. members or a quarter of all.

Police estimate gangsters. took in Y1,300hn (23.7m) la revenues last year, of which about 20 per cent was legally

sarned. Another 35 per cent cause from drugs, 17 per cent from gambling, 9 per cent from protection services and 3 per cent from sokuyo, or members who specialise in exorting money from companies by threatening to

disrept annual meetings.

Yakura are also developing
new sources of Income recent diversifications include debt collection and settling traffic accident claims out of court on behalf of clients.

Arafat faces

attack from

By Lamis Andon! in Tunis

ALMOST ONE month after the

showdown in Israel between Mr Yitzhak Shamir, the Prime

Minister, and right-wing oppo-

nents in his Likud party, the leader of the Palestine Libera-

tion Organisation is this week

facing a less fraught hut still significant confrontation of his

Around 1,200 members of Mr

Yassir Arafat's mainstream Fatah faction, the biggest grouping within the PLO, have gathered in Tunis for a rare

meeting of the movement's pol-

icy-making Congress. They will elect a new central committee for Fatah and discuss organisa-

tional reforms. But Mr Arafat's

main task is to convince his troops to endorse the peace strategy for which he won a mandate last November from

the PLO's legislative body, the Palestine National Council. It will not be plain sailing:

frustration has been mounting

within Fatah over the slow progress of the US-PLO dia-logue launched last December,

and there have been renewed

calls from members of the guerrilla movement for a

militants

India, Sri Lanka near pullout deal

By David Housego in New Delhi

AND Sri Lanke appeared last night to he close to an agreement on the terms of an Indian troop withdrawal

According to Sri Lanka the main elements would be: A phased withdrawal of the remaining 45,000 Indian troops over the coming months with the last leaving possibly by the

end of the year.

A unilateral ceasfire hy
India in the war against the Tamil Tigers. Association of the Tigers in police-keeping arrangements in

the north. indian officials, while confirming that an outline agree-ment was under discussion, said the Sri Lankan account gave an inaccurate picture of some of the details and that it was premature to speculate on

the outcome of the talks.

The Indian position has been that troop withdrawals must be linked to substantive devolution to the Tamil dominated north east provincial council under Mr A. V. Perumal and guarantees for the safety of the Tamil population opposed to india bas been intensifying military pressure on the Tigers with whom it has refused to

Lankan delegation led by Mr Ranjan Wijeratne, the Foreign Minister, appears to have acheived a substantial step for-

The outline agreement still has to have the epproval of President R. Premadasa. The response of the militant Tamil factions including the Tigers and Mr Perumal's group also remains unknown. Mr Peru-mal, who is likely to judge such an accord as a sell-out to the militarily more powerful Tigers, was being flown last night to Delhi for consulta-

For Mr Premadasa, the most import element in such an agreement would be to secure a firm date for an indian departure. Nonetheless he will come under attack from the extremist Sinhalese group, the JVP, for failing to secure the earlier timetable to which was pub-

licly committed. in India such an agreement is likely to be seen as abandonning many of the government's objectives while extracting Indian troops from an increas-ingly impossible situation. in Sri Lanka it would leave the Tamils in control in the north - but with the rivalries between the militant groups unresolved and the Sin-

Fund officials point to a number of steps taken recently

as a sign that Egypt is serious

in its effort to reduce its bud-get deficit and restructure its debt-burdened economy. These include energy prices increases, a tax rise on ciga-rettes and an effective increase

in bread prices with the phas-ing out of the so-called two-pi-

astre loaf.
Egypt is finding it impossible

Nonetheless a long meeting yesterday between Prime Minister Rajiv Gandhi and the Sri

By Tony Walker in Cairo

EGYPT and the International

Monetary Fund are close to

arrangement, thus opening the way for a Paris Club reschedul-

ing of some \$5bn (£3bn) of offi-cial debt, according to IMF and

Egyptian officials.
Dr Shakhour Shalaan, the

Dr Shakhour Shalaan, the IMF's regional director, left Egypt at the weekend after talks with senior officials. Officials say that Egypt is putting finishing touches to a "letter of intent" that is expected to be ready when Mr Shalaan returns to Cairo late in August. Differences persist over interest and exchange rate policy. But Egypt's recent decision to bring the rate at which

sion to bring the rate at which customs duties are levied into line with the commercial bank

rate is seen as a positive devel-

opment.
The IMF would like to see,

bowever, a more adventurous approach on exchange and interest rates. The Fund has

been urging a sharp increase in real interest rates to encour-

age savings in Egyptisn pounds. It has also been calling for a further rationalisation of

the country's multi-tlered

exchange rate system.

Egypt and IMF close to

fresh standby agreement

SA hospitals bow to protests

CONFRONTATION between Africa's anti-apartheid opposition was avoided yesterday when the authorities allowed black patients to be treated at white hospitals despite apartbeid regulations.

themselves for treatment as part of a defiance campaign organised by the so-called "mass democratic movement," an umbrella coalition of anti-

apartheid groups.

The authorities' decision to ignore racial criteria in deter-mining treatment could set an important precedent, although it was unclear whether government policy on the issue had changed permanently, or was

yesterday's challenge. More than 130 patients had showed up at bospitals in Johanneshurg, Durban, Pretoria and other centres to pro-test at segregation in health care, one of the most emotive

for blacks. However, the protest also highlighted the fact that, in hospital care and many other areas of South African life, the strict application of apartheid has already given way in the face of population and other pressures for change.

Even before yesterday's action, an average of 10 per cent of Johannesburg General hospital's patients were hlack,

merely an ad hoc response to although treatment was only provided to blacks on condition it was not available in black hospitals, or if they were criti-

The compromise came at a time of high tension between anti-apartheid groups and the accused the groups of planning violence. However, the protest went off peacefully. It is believed that the cam-

paign may be exploited by the ruling National Party to improve its chances in the Sep-

tember 6 elections. By raising fears of black unrest, the party should be able to capitalise on white con-cern over law and order as it has done in previous elections.



A white nurse attends a black patient in Johannesburg Hospital

halese angry at such major concessions to Tamil

UN peacekeeper at centre of hostage crisis

THE MISSION on which UN tals, including Tripoli during Under Secretary-General Marrack Goulding embarked in the mid-1970s he was sec-Under Secretary-General Mar-rack Goulding embarked in Lebenon yesterday – to recover the body of Lt Col Wil-liam Higgins and work for the release of other hostages -must be the most difficult and dangerous in a life full of diffi-culties and dangers.

Mr Goulding, who will be 53 next month, knows the Middle East well. His career began in Beirut with the British Foreign Office, when he trained at the Middle East Centre for Arab Studies, then situated in the bills above the city. He later served in various Arab capi-

onded to the Central Policy Review Staff where he took part, under Sir Kenneth Ber-rill, in the contentious Review of Overseas Representation. His relations with some of his Foreign Office colleagues never recovered from that episode, although he was later given the number three job at the British mission to the UN, and then the challenging assignment of being Britain's first full ambassador in Angola. His arrival at the UN in 1986

Urquhart, who was regarded as the architect of the UN's peacekeeping role. This was a hard act to follow, and, perbaps inevitably, Mr Goulding's qual-ifications for the job were questioned by some of his new colleagues. He also hecame involved in a power struggle with his fellow Under Sec-retary-General, Mr Diego Cor-

Laet year the Sec-retary-General, Mr Javier Perez de Cuellar, resolved the con-flict in Solomonic fashion: Mr Cordovez's post fell victim to cost-cutting and he returned to

He succeeded Sir Brian Ecuador where he is now Foreign Minister, hnt political decisions were concentrated in the Secretary-General's office, to which some of Mr Gould-ing's ablest assistants were transferred. Mr Goulding was then told to concentrate on

peacekeeping operations. In practice, these have proved inseparable from poli-tics – as was shown earlier this year when be had to negotiate the withdrawal of Swapo forces after their Incursion into Namibia, and again now that he has been entrusted with a central role in the Lebanese

resumption of "armed struggle" against Israel.

This is the first such meeting of Fatah members for nine years. In the meantime, Fatah forces have been forced out of Lebanon and scattered to at least seven Arab countries, Mr Arafat has had to face down an internal Syrian-backed rehel-lion and conflicts with Arah states, several Fetah leaders
have been killed, and the PLO
as a whole has adopted a much
more conciliatory policy
towards Israel.
In addition, Fatah — unlike
the leftist factions in the PLO
— has suepended commando
attacks, against Jerael since

attacks against Israel since December. Its last major mili-tary action took place in March

Mr Arafat is facing criticism from militants within the

But although Fatah has suspended commando attacks against israel since last December, any attempt to get the meeting formally to nhandon military action — a principal article of faith since the movement's incaption in tha late 1950s — will get short shrift

Opponents of such a move will cite Israel's refusal to con-template withdrawing from the occupied West Bank and Gaza

West looks to Syria for help

By Victor Mallet, Middle East Correspondant

LIKE Iran, Syria has been pushed reluctantly into the limelight by this week's reported hanging of one US hostage in Lebanon end the

hostage in Lebanon end the threats against another.

The US and its European allies, noting Syria's military presence in Lebanon and its influence with Shia Moslems there, have appealed to President Hafez al Assad's government to do everything possible to protect the surviving hostages.

Egypt is finding it impossible to service its \$50bn foreign debt and faces a financing gap this year of about \$2bn. The IMF has undertaken to use its influence with Western creditors in an effort to persuade them to extend additional loans to Egypt to help overcome this gap.

Meanwhile, Egyptian officials have been preparing the populace for another IMF agreement. President Hosni tages.

Like President Ali Akbar Hashemi Rafsanjani of Iran, Mr Assad finds himself in an awkward position. Syria and Iran have criticised the hanging of Lt Col William Higgins — and the Israeli kidnapping of a Shia leader in southern Lebanon which apparently provoked it — but have yet to prove the extent of their influence with Lebanon's Shia extremists.

"The Syrian government agreement. President Hosni Mubarak, who just last year referred to the Fund as a quack doctor, this month praised the "The Syrian government received with surprise and outrage news of the killing of Colonel Higgins," was the frank statement issued by Damascus.

There are some 40,000 Syrian troops in Lebanon, compared with a few bundled.

institution. The whole world spares no effort in helping Egypt and standing by it, as well as economic institutions, foremost of which is the IMF," he told with a few hundred Iranian revolutionary guards. But it is party supporters in Cairo.

Iraq called yesterday for an Arab summit showdown with Syria over the Lebanese civil war, Reuter reports from Baghdad. Mr Tariq Aziz, the Foreign Minister, told the Iraqi News Agency that after the failure of Arah League mediation on Lebanon Arah leaders should take an approach based on "confrontation of the Syrian regime, which has intentionally sabotaged Arab efforts to achieve a settlement". Iraq called yesterday for an

to Tehran's Islamic radicalism rather than to Syrian Baath socialism that the radical groups associated with Hizbollah and with kidnapping have looked for their inspiration.

Anxious to take its place as a respectable member of the international community. Syria is acknowledged by the West to have sharply reduced its involvement in terrorism in recent years.

The US has been impressed by what it sees as a Syrian change of heart. With Wash-ington endorsing a Syrian role in Lebanon, the taking of bos-

tages in Syrian-controlled areas and Syria's inability to engineer their freedom has been acutely embarrassing.
So it was that Syria enthusiastically associated itself with the release of Mr Mithleshwar the release of Mr Mithileshwar Singh, an Indian professor who lives in the US, in October last year. But three of Mr Singh's colleagues from the Beirut University College, all Americans, remain in the hands of the Islamic Jihad for the Liberation of Palestine.

Western diplomats helieve Syria can play a small but use.

Western diplomats believe Syria can play a small but useful role in the hostage crisis, not hy military intervention or direct negotiations but hy using its diplomatic clout as Iran's only Arab ally and by working through its Lebanese protégés proteges. In this regard the latest Shia

peace agreement between the Iranian-sponsored Hizbollah end the rival Syrian-backed Amal militia, signed in Tehran last month, could give the Syrian and Iranian a ian and Iranian governments a chance to discipline their proxies. Unfortunately few Lebanese or western observers are optimistic the truce will

By Hugh Carnegy in Jerusalem MR Yitzhak Rabin, the Israeli Defence Minister, yesterday told the Knesset (parliament) that the government originally approved the plan to kidnap Sheikh Abdel Karim Obeid, the

Sheikh Abdel Karim Obeid, the Lebanese Shia Moslem leader, almost two months ago.

'In planning Obeid'e kidnapping we took into consideration every possible reaction on the part of Hizbollah, including the reaction Hizbollah chose and still more severe reactions," he said, referring to the main Lebanese Moslem fundamentalist group to which Sheikh Obeid was linked.

Two organisations apparently grouped under the Hiz-

Two organisations apparently grouped under the Hizbollah umbrella have claimed to have executed US Marine Colonel William Higgins, kidnapped in Lebanon last year while on attachment to UN forces, and threatened to kill another US hostage in retaliation for Obeid's abduction.

Mr. Peblog giving the folloct Mr Rabin, giving the fullest official account so far of the background to the kidnapping, seid the commando raid on Sheikh Obeid's house was first scheduled to take place one

month ago hnt was postponed because there was "a spark of a chance" that secret negotiations to secure the release of two Israeli soldiers and an airman held by Shias in Lebanon would succeed. Only when that chance was eclipsed was the creation given the green

moment they were captured three years ago, including by offering Hizbollah prisoner exchanges, Mr Rabin said. "As all our efforts to release our soldiers were fruitless, the Israeli government instructed the IDF (Israel Defence Forces) to capture a Hizbollah leader so that we could have an important asset in the exchange of prisoners." important asset in the exchange of prisoners."

Mr Rabin was replying to three no-confidance motions tabled in protest at the seizure of Sheikh Obeid hy a amall group of communist, leftist and Arab members of parliament. The motions were overwhelmingly defeated in line with the widespread backing in Israel for the Government's action.

Obeid kidnapping plan agreed two months ago

operation given the green Israel had tried to win the soldiers' freedom from the moment they were captured

from militants within the ranks rather than e direct challenge to his leadership this week. The meeting will probably endorse the broad lines of the PLO strategy, based on the establishment of a Palestinian state alongside Israel. That is certainly what Fatah members inside the occupied territories — an important voice in PLO councils these days — have been urging it to do. been urging it to do. But although Fatah has

shrift.

Strip or to negotiate with the PLO.

ack fro



An investment climate, as the term suggests, is rather like the weather -changeable, unpredictable and far beyond our control.

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Don't wait to hear the rattle and roar of approaching tanks - take cover now.

A US passenger jet carrying 107 people crasb landed at Greensboro, North Carolina, with its left wing and engine scraping the runway yesterday after its landing gear jammed, officials said. No injuries were reported, AP reports. The Boeing 737-400, which had left Weshington for Charlotte, North Carolina, was diverted after the instrument panel indicated the landing gear had not locked, officials said.

Karajan inquiry

Austrian conductor Herhert Austrian conductor Hernert von Karajan was under investigation hy the US Justice Department over his alleged involvement in Nazi persecution, but the case against him was dropped when he died last month. month, a Government lawyer said yesterday, AP reports.
Had he lived, the famed
musician might have been banned from entering the US, said Mr Neal Sher who heads the Justice Department's Office of

Demjanjuk evidence The US Justice Department withheld and threw away sig-

Special Investigations.

nificant evidence in the case of John Demjanjuk, the retired US autoworker convicted in israel of being notorious Nazi war criminal "Ivan the Terri-ble," a US congressman said yesterday, Renter reports.

Congressman James Trafi-cant of Ohio said documents salvaged from the Office of Special Investigations cast doubt on the testimony of a witness in Demjanjuk's trial.

Trident launched

The crew of the nuclear submarine Tennessee, thwarted last week by anti-nuclear protesters, launched a Trident 2 missile yesterday in the first successful underwater test of the Navy's newest, deadliest weapon, AP reports.

Mexican address

Pope John Paul II will address Mexico's foreign debt, drug trafficking and migration prob lems during his planned visit here next May, a Mexican Church spokesman said.

Senate seeks troops cut in Europe

THE US Senate yesterday voted to cut the number of US troops in Europe if Nato allies cut their forces and to order a study of gradual US force reductions in South Korea. Reuter reports from Washing-

A package of amendments approved by voice vote would also require President George Bueh to negotiate payments from Japan to offset the full cost of US forces aiding its

The amendments were proposed by senators including Mr Sam Nunn, the Democrat and Armed Services Committee Chairman, who said US allies must bear a greater share of the common defence. There can he no free

lunches and no free rides," Mr Nunn said.

One of the amendments, if approved by the full Congress in the \$305bn Defence Authorisation Bill, would cut the \$25,000 US troops in Europe by the same ratio by which any factor outs by any Nato ally

forces cuts by any Nato ally reduced overall Nato forces. If any Nato ally cut its forces, President Bush would be required first to try to persuade the ally not to make the cut or pereuade other Nato allies to increase forces to off-set it.

Should Mr Bush be unable to prevent the Nato force reduction, he would be required to withdraw the same ratio of US troops from Europe.

Mr Nunn and his committee's senior Republican, Sena-tor John Warner of Virginia, said several European allies were planning large force cuts in anticipation of an East-West force cut agreement in Vienna. They did not identify the coun-tries

ries.
"It would he particularly unfortunate if some of our allies jumped the gun with unilateral cuts that had the effect of reversing the positive trends in these negotiations," Mr

Num said.

The senate also voted to transfer \$1.7bn from a range of departments, incinding defence, to pay the cost of keeping the Bush administration's promise to fight "the epidemic of narcotics sweeping this country."

Chile junta members will talk to opposition

By Barbara Durr in Santiago TWO OF Chile's military junta

members have said they are willing to hegin direct talks with the opposition.

Such talks would be a breakthrough in civilian-military relations in Chile and could defuse what has in recent days become an increasingly tense exchange through the local

The proposal for discussions arose after Air Force General Fernando Matthei, who is a junta member, vehemently objected to the opposition's statement in its programme that it intended to repeal the

Inal II intended to repeal the 1978 amnesty law.

Under the law, all human rights violations by the military as well as crimes by opponents of the regime were pardoned. Gen Matthel, in a lengthy interview published last Sun-day, issued a velled threat that

e new coup could come if an

opposition government attempted to prosecute the mil-itary for crimes between 1973 and 1978.

The general said that period "was an incipient civil war" and whatever crimes occurred then were covered by the amnesty.

"I want to warn very seri-ously that an attitude of revenge could have conse-

Global legacy from a martyr of the Amazonian forests

By Andrew Marshall

IN DEATH, Chico Mendes, leader of the rubber tappers' union in Brazilian Amazonia, became a symbol for environ-mentalists of the fight against the destruction of the Amazon's forests.

There is an irony in this because, for Chico, the struggle was not only, or even primar-ily, environmental. His fight was against the ranchers who burn millions of acres of forest a year. But the international alliances into which this led him, and his death at the hands of a rancher's gunman, had their origins and their meaning in an attempt to pre-serve the livelihoods – and lives – of working people. Fight for the Forest is a book

both about and by Chico Mendes. In late November and

early December 1988, two hours of interviews with him were recorded. Days later, he was dead, gunned down at his home in the far-western state of Acre.

"We rubber tappers have to organise and mobilisa our-selves, because there's no point waiting for the government to help us," he said.

Chico Mendes was first and foremost a trade union leader.

In the 1960s and 1970s, the In the 1960s and 1970s, the land-owning system in Acre began to fall apart. Ranchers arrived from the south to buy up territory and clear it for pasture, evicting hundreds of rubber tappers. The Xapuri Rural Workers' Union was founded to defend them, and founded to defend them, and Chico became its president. Using the empate (implying

both stubborn peaceful resistance and gaining a draw in a difficult soccer game) to pre-vent the clearing and burning of land, the rubber tappers began to fight back.

Chico Mendes's genius was to see, and use, the connec-tions between the rubber tap-pers' fight and external con-

pers' fight and external con-cern about the destruction of the Amazon. "Building bridges" is how he put it, and he spent a lot of time negotia-ting with and advising multilateral agnecies, such as the Inter-American Development Bank. In the process, he built a constituency outside Brazil.

Fight for the Forest: Chico Mendes in His Own Words; Latin America Bureau, I Amoell St London EC1; £2.95.

US factory orders rise to quell fear of recession

By Anthony Harris in Washington

US FACTORY orders rose by 0.4 per cent in June, after fall-ing by 2.6 per cent in May, while unfilled orders continwith a further 0.5 per cent rise with a further 0.5 per cent rise in the month. Shipments, however, fell by 0.5 per cent.

This modest recovery,

slightly stronger than the mar-ket had anticipated, and a sur-prisingly bullish report from the housing market, toned down recent alarms about an

imminent recession.

The main depressing factor is in the transport sector. The motor industry is struggling to reduced swollen stocks of 1989 models, especially of larger cars, and there was a full in aircraft orders.

The situation in the trans-

iull in aircraft orders.

The situation in the transport equipment industry also largely explains the further 0.3 per cent rise in factory inventories, bringing the increase during the last three months to 1.3 per cent; the build-up of work in progress in the aircraft industry, which is expanding to meet an enormous order backlog, continues, and June car sales were weak, though there was a recovery in July.

Orders for civilian capital goods rose by 0.3 per cent, far below the average of earlier months, confirming indication from the purchasing manag-

months, confirming indication from the purchasing managers' survey on Tuesday that many companies are now reviewing their investment plans. However, investment spending continues to rise, and is thought to be relatively insensitive to the level of sales, since US industry has been concentrating heavily on been concentrating heavily on plant replacement to improve efficiency and on product quality rather than on expansion.

The June housing report showed a 5.5 per cent rise in the rate of sales of new homes, to an annual 670,000. This was five times the level market economists had been forecasting, after the strong 4.3 per cent recovery in May, origi-nally reported as 2.7 per cent.

The rate of sales was still, however, 64 per cent below June 1988. Average prices were 7.7 per cent up in the

Congress plans legislation on LBO disclosures

By Peter Riddell, US Editor in Washington

LEGISLATION to increase disclosure in leveraged buyout (LBO) takeovers and to tighten rules on proxy voting in com-panies in the US is being pre-

pared in Congress.

A draft bill will shortly be circulated by the House Tele-communications and Finance

communications and Finance Subcommittee with a view to legislation being introduced in September.

Under the proposals, parties involved in leveraged buyouts using a high proportion of debt would have to disclose more information and obtain firm financing before going ahead with their deals.

The Securities and Exchange Commission has also been

Commission has also been drafting parallel regulations to improve disclosure in lever-

aged buyouts.
However, Representative
Edward Markey, the Demo-cratic chairman of the subcommittee, believes the changes should be enacted into law to make them stick.

The proposed legislation would also cover proxy voting and require companies to guar-

antee that such voting was confidential with independent firms hired to tabulate the

Mr Markey has said that such shareholder rights' provi-sions should encourage dissatisfied shareholders to use the proxy process, as opposed to hostile takeovers and buyouts, to make companies more effi-

"We are expanding the power of corporate shareholders with the idea of making them more responsible with respect to long-term goals and loyalty to the corporation," he

At a hearing yesterday, Mr Markey said that at present management controlled the proxy voting system from beginning to end, denying shareholders a real voice.

Mr Roderick Hills, former chairman of the SEC, said in evidence that proxy fights were so expensive that most shareholders could not afford to use them to challenge man-

US unveils \$19.5bn plan to improve weapon plants

THE US Energy Department has unveiled a \$19.5bn five year programme to correct environmental and health problems at the nation's

problems at the nation's atomic weapons plants, AP reports from Washington.

The program, announced earlier this week, would be the first part of a clean-up that officials predict will take 30 years and cost billions of dollars.

and cost billions of dollars.

Mr James Watkins, US
Energy Secretary, provided a
blueprint for the initial phase
of the clean-up and restoration
plan, and acknowledged the
cost would be high.

Mr Watkins said the depart-

ment's efforts over the years to protect public health and the environment at the federal nuclear facilities has been shoddy and in some cases vir-

tually non-existent.
"If we (were) graded for qual-

ity control, we wouldn't pass," said Mr Watkins. After a review of the short-

comings in environmental and health protection measures at government nuclear facilities, the department said it pro-poses to spend \$2.4bn in the next financial year to correct

the shortcomings.

After that, the annual hill is expected to increase steadily, peaking at more than \$40m in 1994 and 1995. Costs of the clean-up affort, which will stretch well into the nant century have been earthward any.

stretch well into the naxt cen-tury, have been estimated any-where from \$90bn to \$150bn.

The money, which must still be approved by Congress, would be used to clean up pol-lution where safety laws were violated, repair equipment and develop recognizes and tachdevelop procedures and tech-nology for future waste dis-posal, the department said.

FBI probe ends party for futures traders

By Deborah Hargreaves in Chicago

THE party was over yesterday for many of Chicago's flamboyant intures traders as about 40 of them faced indictments for allogations that included mail fand, tax evasion and racketsering.

Other traders struck lastminute plea bargains with government prosecutors when they agreed to give evidence against colleagues and stop trading.

trading.

Late yesterday, the Federal Bureau of lovestigation was due to hand down charges against traders in the world's largest futures markets. The indictments follow a two-year undercover FBI investigation into trading abuse and fraudulent practices in Chicago.

As part of their plea bargaining efforts, some traders are reported to have signed Commodity Futures Trading Commission decrees that barthem from exchange membership for life as well as prohibiting them from making periting them from making per-sonal commodity investments on US futures exchanges for

on US futures exchanges for the next five years.

The FBI probe, which is the largest investigation into com-modities fraud carried out in the US, is alleged to have uncovered a variety of petty crime and fraudulent practices at Chicago's futures exchanges. Most practices were so common, few traders knew they were committing any crime, defence lawyers say.

in co-operating with government prosecutors, some traders are expecting to avoid charges under the stiff Racketeering Influenced and Corrupt Organisations Act (Rico) which lays out tough prison terms and allows the government to conficunt assets. ment to confiscate assets gained from illegal practices. In exchange for evidence against other traders, those who co-operate could face lesser charges of mail and wire fraud, which carry penalties of np to five years in jail and fines of up to \$250,000 (£151,500). The Grand Jury is also expected to level charges that traders sought to cover up taxable income through phoney book-keeping.

Crisis helps Menem on Falklands

By Gary Mead in Buenos Aires and Andrew Marshall in London

the current flurry of activity between Argentina and Britain - not the least is the fact that internal economic collapse is the main determining factor in Argentina's policy on the dis-puted Falkland Islands, the source of conflict between the two countries.

One Argentine president, the dictator General Leopoldo Galtieri, launched the April 1982 invasion of the small Sonth Atlantic archipelago to divert domestic attention from an economic crisis; another (the elected Carlos Menem) appears keen to heal the damage caused by that invasion, using another economic crisis as his justification.

Mr Menem has chosen to

make his first substantive move towards rapprochement with the UK in the trade rela-

THERE are many ironies in allo, Argentine Foreign minis- any talks. This is the main fac- relations was desirable and ter, said on Tuesday that the removal of the ban is part of Mr Menem's plan to eliminate "obstacles which increase pri-

vate companies' costs and hin-der the possibilities of national The question for both sides is how much further the pro-cess can go. Direct talks are in prospect for the first time since 1984. But the removal of the boycott of British goods is just one small sten on a stony right

one small step on a stony path. Both sides recall the fallure of the last such contact, in Berne in 1984. The stumbling-block then was Argentine determination to place the issue of sovereignty over the islands on the agenda. Mrs Margaret Thatcher insists this is not open to consideration.

This time, the Argentinian formula is to place sovereignty under an "umbrella", outside

tor propelling hopes that the dialogue will restart, and is an indicator of how far Mr Menem has been prepared to go. Mr Menem is making hay

while the sun shines, not only in the South Atlantic but in talks with the International Monetary Fund, in tackling the economic mess and improving Argentina's image abroad. Mr Menem's priority has been to dissolve the image of

Argentina as a country prone to instability, periodically gal-vanised by military coups, and hardly worth taking seriously. If he is to achieve that, then one crucial obstacle must be removed - the broken links

with Britain. Mr Menem and Mr Cavallo have worked quickly. They have sent signals, through the media and through intermediaries, that an improvement in

There are still differences: Mr Cavallo has said the formal state of hostilities can be dropped if Britain lifts a 150mile exclusion zone around the islands. That is unlikely, since it would involve virtually dismantling their defences.

But, by the time both sides sit down to talk - probably before the end of August such differences may well have been ironed down, if not com-

pletely out. There is a great deal at stake here for Argentina and for Mr Menem - more so than for the UK. He cannot forget that every highway in Argentina is littered with the slogan Las Molvinos son argentinas, reminding every passer-by that the islands are Argentine. He cannot afford to be seen to defy

that article of national faith.

tries, have successfully main

UK-Argentine trade likely to grow slowly

BILATERAL trade between Argentina and Britain is expec-ted to increase very slowly from its current eeverely depressed levels, despite the Argentine announcement yes-terday that it is lifting trade sanctions against the UK.

The significance of the deci-

sion appears to be more politi-cal than economic. According to Mr Roger Kingdon, chief executive of the Davy Corpora-tion which has a 45 per cent-owned affiliate in Buenos Aires, Argentina's own eco-nomic difficulties have been a matter of greater concern recently than its political dif-ferences with the UK.

However, the news has also led to speculation that Argentina could soon take other steps to improve bilateral relations with the UK, including possibly the restoration of air treffic rights. traffic rights, another priority area singled out by Mrs Mar-garet Thatcher, the British Prime Minister.

British Airways was yester-day reported to be reviewing its flight schedules amid the possibility that services to Buenos Aires could be resumed in October. UK exports to Argentina last year were worth only £13m, less than a tenth of the £16im total posted in 1981, the year hefore the Falklands War. Even then the UK commanded

a market share of only 3.4 per Prospects of a recovery are

further impaired by the lack of Export Credits Guarantee Department cover. The departwould review its cover policy in the light of yesterday'e announcement, hat evan the likelihood of short-term cover resuming was limited by Argentina's dire economic

According to Mr Michael Valdez-Scott, of the Latin America Trade Advisory

ment said yesterday that it ing closely with Aerolineas Argentinas on an informal basis, has been pressing for this as a means of opening up routes to the Southern cone of Latin America.

> Both the Foreign Office and BA were publicly non-commit-tal about the prospects of prog-ress in this area yesterday.

UK trade with Argentina



Group, said the lifting of sanctions could create new opportunities for exporters in such sectors as inetrumentation, chemicals, industrial plant and health care, but restoring exports to their 1961 level after such a long period of sanctions was likely to be a slow business

A much larger ehort-run impact could come from a restoration of lucrative air-traffic rights, other businessmen said. BA, which has been co-operat-

Commenting on yesterday's commenting on yesterday's announcement, BA said it ehould be helpful in the long-term. "It is well-known that we would like to resume

Local economic difficulties are also likely to deter invest-ment by British companies in Argentina which has recently been undertaking an extensive privatisation programme. But several large concerns, includ-ing Imperial Chemical Indus-

tained subeidiariss and affiliates there despite the break in diplomatic relations. Mr David White, the finance director of the thread division of Coats-Viyella, said the lift-ing of sanctions was not likely to increase the company's exports to Argentina where it had a self-standing subsidiary. However, it could make life easier for this subsidiery because it should mean an end to the random inspections to which it has been subjected, and because it would no longer be necessary to route supplies of equipment through a third

country — such as Brazil.

Over the past year, the Argentine authorities have permitted direct import of certain priority goods such as industrial plant and organic chemicals, hut despite the long period of sanctions Scotch whisky has always been available in Euenos aires and other able in Buenos Aires and other UK products have entered the country through an indirect route, often involving Euro-pean countries such as West Germany, the Netherlands and

Germany, the Netherlands and Denmark.

One reason given by the Argentine authorities for their decision to end sanctions was the need to improve relations with the European Community in the run-up to the single market at the end of 1992, but another more practical reason may have been the realisation that, with this in place, trade sanctions directed against one member of the Community will become even less workable.

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Former County chief quits new Charterhouse job

By David Lascelles, Banking Editor

THE Bank of England's purge of bankers involved in the Blue Arrow affair claimed its first victim last night when Mr Jon-athan Cohen, the former chief executive of County NatWest, the securities arm of NatWest Bank, resigned from his new joh at Charterhouse merchant

Mr Cohen was one of the recipients of letters which the Bank of England has begun to send out questioning whether certain executives are "fit and proper" people to hold respon-sible banking positions. Although Mr Cohen was not criticised by the Department of

Trade and Industry inquiry into the 1987 Blue Arrow share-rigging scandal whose findings were made public a fortnight ago, the Bank has been conducting its own investigations and has evidently formed a different conclusion.

Mr Cohen, who is on holiday in Spain, said through his solicitors last night: "It now seems that I may be faced with answering criticism from the Bank of England. The possibil-ity of having to defend myself again, with the ettendant costs of further litigation, is too

daunting."
Mr Cohen said he had "therefore regretfully decided that the only realistic course open to me is to resign from my position as a vice-chairman of Charterhouse Bank and an executive director of Charter-

Mr Victor Blank, Charterhouse's chief executive, accepted Mr Cohen's resignation with regret. He said: "While we will not comment on activities which took place prior to his joining Charter-house, he has conducted him-self with the utmost integrity and has contributed very positively to our husiness since he joined us in May 1988." Mr Cohen's resignation

raises questions about the posi-tion of Mr Charles Villiers who was chairman of County Nat-West at the time of the scandal and is now an executive direc-tor at the Abbey National bank. Like Mr Cohen, he was exonerated by the DTI report, but is certain to have been



of England inquiry

scrutinised by the Bank as

Mr Villiers was not contacta-hle last night and his solicitors declined to comment

Last week, Lord Boardman, NatWest chairman, criticised the DTI report for the way it had blamed three of his execu tive directors hut exonerated Mr Villiers and Mr Cohen. He said: "If those not criticised in the report had done their job properly, none of this would have happened. It is as simple as that." Lord Boardman has also resigned.

The Bank of England con firmed last night that it had begun to send out letters to those it was investigating, hu a spokesman said the recipi-ents would not be publicly identified. Under the Banking Act, the Bank has the power to declare a person not fit and proper to hold a responsible position in a bank. There is an appeal procedure, but no one has yet used it successfully.

The Securities Association is conducting a parallel inquiry.

Mr Cohen's marks the eighth resignation since the DTI published its damning report on the Blue Arrow affair. Aside from Lord Boardman and the three executive directors, these include three directors at County NatWest and stockbro-kers Phillips & Drew who came in for the heaviest criticism.

Trade body delays court review of book prices

By Raymond Snoddy

Britain's Director General of Fair Trading, has decided not to seek leave to take the net book agreement, which allows publishers to set minimum prices for most books, before the Restrictive Practices Court

at this stage. Sir Gordon Borrie's decision represents a defeat for Mr Terry Maher, chairman of Pen-tos, the book retail chain, who has hattled to have the net hook agreement referred immediately to the court. An announcement will be

made by the Office of Fair Trading (OFT) today. Mr Maher, whose company owns Dillons, the bookshop chain, has heen fighting a noisy public campaign for the abolition of the agreement so that he can start discounting several best-selling titles.

Most British publishers have been arguing just as strenn-ously that the abolition of this last vestige of resala price maintenance would reduce the range of books published, increase prices overall and would lead to the closure of many small independent

Sir Gordon announced a wide-ranging investigation into the net book agreement in April to see whether enough has changed in the book trade

to justify re-opening the issue.
The Restrictive Practices
Court looked at the agreement
in 1962 and 1969 and found on both occasions that it operated in the public interest.
Sir Gordon is expected, how-

ever, to make clear that he believes the whole issue of the net book agreement should be reviewed. But the OFT has decided

that this can best be done under new restrictive practices legislation planned by the Government in the the 1990-91 Parliamentary session. Under its proposals, all trade agreements exempt from

restrictive practices legislation will be reviewed by a new competition authority. The Department of Trade and Industry confirmed yesterday that the net book agree-ment will not be exempt from

Split in Liverpool dockers may halt action

DOCKERS at Liverpool, which forms the core of ports yet to call off their strikes, are on the verge of a split which will almost certainly end any continuing industrial action, exceeding to the Mersey Docks.

thuing industrial action, according to the Mersey Docks and Harhour Company (MDHC).

Figures released by the port company show that the bulk of its 1,200 dockers have either responded to the new terms and conditions offered to them or applied for voluntary redundance under the scheme dancy under the scheme jointly funded by the Govern-

making what it calls "fair-deal job offers" of work with spe-cialist teams in Liverpool's container, grain or timber ter-Of the 510 men who responded, most have now been offered jobs in their chosen areas at the same rates of

(union officials) have been at the forefront of attacks on the

off the strike on Tuesday.
The MDHC has been quietly

pay, working hours, holiday and sickness henefit entitle-

Liverpool shop stewards ments as before the abolition of the National Dock Labour Scheme. The abolition of the schame, which regulated employment and conditions in 61 British ports, prompted the national strike three weeks. Transport and General Workers' Union (TGWU) for calling

A further 289 men have applied for voluntary saver-ance. About 200 men are likely to be released, with the first 93 already given dates to leave the port.

The 200 men who have not responded to the MDHC job proposals are all being offered jobs in the port's general cargo

area, the company said.

Liverpool stewards will probably decide today what recommendation to make to a mass meeting on Priday. Liverpool dockers account for 45 per cent of the 2,745 workers who were still on strike at the start of the

Meanwhile, Mr Ron Todd. the TGWU general secretary, was beckled during a meeting with striking dockers at Tes-ide in the north east. Local union leaders will today meet the Tees and Hartlepool Port Authority to discuss a possible local agreement. The dockers

will meet later in the week to consider a return to work. Ahout 480 dockers at tho

Ahout 480 dockers at the local authority-owned port of Bristol will also meet today to consider the TGWI executive's call for a return to work.

Some 86 dockers at the south-eastern port of Ipswich yesterday voted to return to work. A local agreement for the port has been under discussion for several weeks. The 60 dockers at Tilbury, near London, who rejoined the strike this week after returning to the port last week, reported for work again yesterday.

Todd counts costs of backing a lost strike

Charles Leadbeater assesses the future of the union man who led the docks stoppage

T IS sometimes easy to believe that when Mr Ron Todd takes off his office suit in his small house in Wal-thamstow, north London, underneath will be the blue overalls of a Ford shop stew-

Mr Todd freely admits to loving the Dagenham plant where he cut his teeth as a union leader. He is a union general secretary with the heart of a factory union member.

Mr Todd's uneasy attachment to the stewards' move-ment from which he came probably explains his gyrations over the dock strike in the past

on Friday he emerged from a docks delegate conference to call for the ailing strike to be intensified, in support of 16 shop stewards who had been made compulsorily redundant made compulsorily redundant at Tilbury port near London. He took the stand after being

lobbied by the stewards and colleagues from Liverpool. The former steward, outraged at the treatment of men who might once have been his colleagues, told the docks delegate conference - mainly made up of stewards - what they wanted to hear. They voted by 59 to 12 to step up the action

Yet three days later, the general secretary in Mr Todd had returned to recommend the strike should be called off.
This unceremonious about-

turn will increase criticism of Mr Todd inside and outside the union. For the last three years, unrelenting inflighting between weakened authority.

Given the dockers' determi-



Ron Todd: the union general secretary with the heart of a shop floor union member.

left and right factions has destabilised the union. The left controls the 39-strong executive, but nine of the union's 11 powerful regional secretaries are on the right. They have considerable power to stymic initiatives from the union's London headquarters.

Following the controversy over Ford's aborted Dundee investment and the union's decision to maintain its unilateralist position on nuclear dis-armament, the débacle over the docks strike will fuel attacks on Mr Todd's already

nation to enter a strike which almost every senior official of the TGWU transport union judged unwinnable, could it

have ended differently?

Few could fault Mr Todd's performance during the legal action over the strike between April and July. He was consistent in his court appearances. He also persuaded militant stewards to restrain unofficial action and abide by the leadership's decision to pursue a legal strike.

When Mr Todd announced on April 14 that the union would not support a strike called against the Govern-

ment's plans, 100 angry dockers invaded the union's headoverters.

They stormed into Mr Todd's office shouting threats. One of those present recalled: "He was superb. Once he had told them to f** off a few times, they calmed down and left meek as lambs.

He followed that up at the union's hiennial delegate con-ference in June with an emotional rallying call to the docks activists. That strengthened the bond of trust, which was almost inevitably - ruptured on Monday.

The turning point to the next general election.

strike came on July 19, when 200 dockers returned at the north-eastern ports of Grimshy and immingham and opened a crack which then travolled down most of the east coast. Last Friday's delegate con-ference was called to end the strike, but the Tilbury redundancies intervened on Wednesday. By Monday Mr Todd had calmed down, and the executive was lined up to call off the

Few TGWU officials believe the strike could have been han-dled differently, given the dockers' determination to go ahead. There is no question of Mr Todd's job being in doubt, and the ballot to elect his successor, due in 1990, will not be

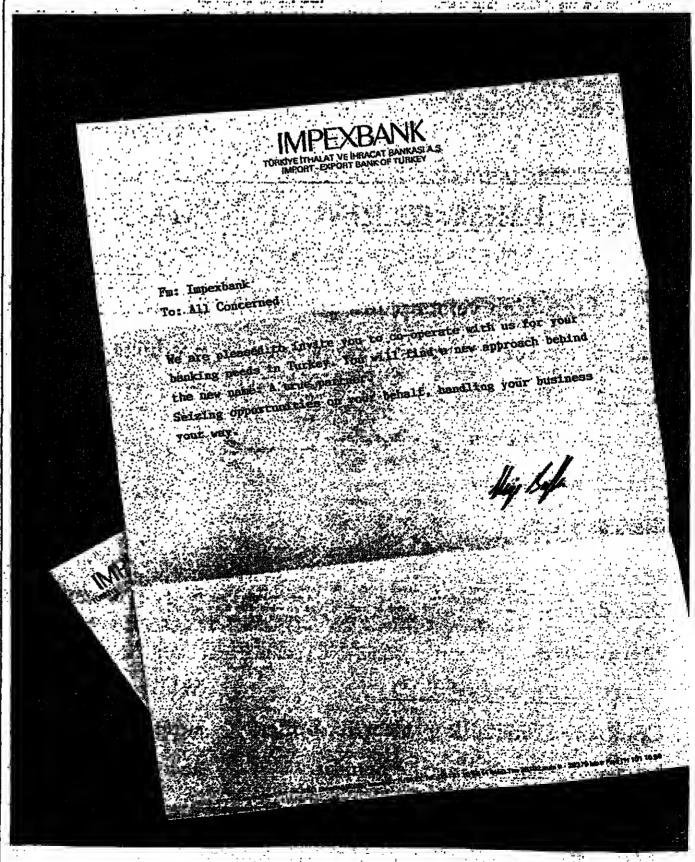
brought forward.
On the contrary, the furore over the dock strike will probably mean Mr Todd will stay in the job longer, to try and calm things down for his successor. It means that in much of the

time remaining, however, par-ticularly after the Labour Party conference, Mr Todd will increasingly run the risk of becoming a lame-duck general secretary.

The débacie over the docks

will be a leading factor in this Autumn's crucial elections for the union's general executive. If the executive shifts to the right as a result, the chances of an right-wing successor to Mr Todd would rise significantly. This in turn would shift the TGWU decisively into the mainstream of the labour movement in the run up to the





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expected that each £1 of public money would lever £6 to £7

By Ian Hamilton Fazey, Northern Correspondent

A LARGE part of Manchester's docklands is to be redeveloped in a £500m scheme for offices and factories which is expected to create 10,000 jobs.

The scheme, which would be the biggest in Britain outside

the London area, is one for completion in the mid-1990s. The redevelopment involves

a triangular pieca of land between the Manchester Ship and Bridgewater canals at the entrance to Trafford Park, the 2,000-acre, 90-year-old indus-trial estate which a government-backed urban development corporation is trying to regenerate. It is less than 10 minutes from Manchester city

centre. The main developer is Rosehaugh Trafford, a joint com-pany of Trafford Park Estates and the London-based Rosehangh property group. It is working closely with the Manchester Ship Canal Company, owner of the main waterside

The scheme is aimed at foreign companies setting up in Britain for the start of the singie European market in 1992

Accountants

back changes

in ownership

By David Waller

suggests a total public input of between £62m and £72m for a total development cost of

Planning permission will be sought next month but it is a The risk in the project is foregone conclusion because the plans were launched yeswhether there will be a glut of commercial property in Greater Manchester when it is terday by Trafford Park Development Corporation, which is the planning anthority. Some property specialists

The corporation is negotia-ting with the Treasury about the level of public support needed to make the scheme say plans for offices in the city total 10m sq ft. The Trafford Park scheme will have 2m sq ft of office space, 418,000 sq ft of flexible light industrial property and 177,000 sq ft of heavier factory viable and expects to have this The public money will be used on land acquisition, relo-cating some companies, infraspace. There will be a small element of retail space to service the development, 240,000 sq ft for housing and a similar structure, environmantal improvements and building express links to the nearby motorway network. One aim is amount for a hotel and leisure facilities such as restaurants

to avoid the access and car parking problems that have dogged similar redevelopments in London's decklands. and pubs. There will be 758,000 sq ft of parking space. Sir Neil Westbrook, chair-man of Trafford Park Estates, Mr Peter Hadfield, chairman of the corporation, refused to say how much public money was being sought. However, he

stressed that high quality would be a principal competi-tive weapon and that the private sector was willing to take the risk. "The money is avail-

Lloyd's may act on late account closure

By Eric Short

LEOYD'S of London is considering setting up an insurance company, or some THE UK's three chartered accountancy bodies yesterday recommended that non-auditors should be able to own up other form of insurance vehicle, to provide the neces-sary re-insurance facilities to to 25 per cent of auditing firms. Under their proposals, firms will also be able to turn themenable syndicates to close their selves into limited companies for the first time in British

account years.

The move represents one of a two-pronged attack on one of the big problems facing Lloyd's commercial history.
The recommendation came a growing number of syndi-cates keeping their account years open beyond the normal after a heated five-year debate over independence and incor-poration. It brings the UK prothree-year period.

Normally, syndicates keep the account for business in a fession into line with the European Community's Eighth

Company Law Directive, which allows outsiders to take up to particular year open for three 49 per cent of auditing firms. years. At the end of that period, the remaining liabili-It is likely to bring practical ties for that year are reinsured benefits to the larger multi-dis-ciplinary accountancy firms, internally by the syndicate with the following year's account, known as Reinsurwhich will now be able to offer partnerships to non-accounance To Close (RITC) and the In the longer term, partners' account closed. It is rare for new access to equity capital could be exploited to fuel expansion beyond the reach of syndicates to seek RITC from

outside sources.
This enables the affairs of their own pockets - perhaps by making acquisitions. the syndicate for that year to be finalised and the Names Nevertheless, soundings made by the Institute of Charbacking the syndicate to settle their affairs. tered Accomments of England and Wales suggest consider-

Hewever, growing uncertain-ties about the size and extent of future losses on existing business have made syndicates wary about closing accounts:

The 1986 account should have been closed at the end of 1988. However, 115 accounts involving 68 syndicates left their 1986 account open, resulting in financial uncertainty for thousands of Names: Mr Murray Lawrence, chair-

man of Lloyd's, recently critic-

close account years and there have been attacks on this practice from Mr Anthony Haynes, chairman of the Association of

Lloyd's Members.
The Lloyd's Council yester-day considered proposals put forward by a committee chaired by Mr Colin Murray, the junior deputy chairman of Lloyd's, to deal with the prob-

lem of open years. The first set of proposals considered were measures to liscourage agents from leaving

Such discouragements could include putting all profit com-mission payable to the man-agement agent in escrow until the year is closed, getting inde-pendent views of the auditors and of actuaries on the situa-tion to justify leaving the account open.

These proposals which, if adopted, could apply automati-cally or at the Council's discretion, are the subject of detailed discussion. But the Council wants the measures finalised

wants the measures meaned so that they can be applied from the end of the year.

Any such insurance vehicle, would have to be approved by the existing regulatory authorities in the UK, the US and perhaps clearwhere

The other development announced yesterday by Mr Lord was the establishment of a Byelaw Review Comittee, under the chairmanship of Mr David Walker, a nominated member of the Council of Lloyd's and chairman of the Securities and Investments

Executives' salary rises fuel pay controversy

By Michael Smith

THE CONTROVERSY over top people's pay is fuelled today hy publication of a report showing the number of company directors whose salaries exceed £100,000 rose to nearly 2,000 last year, an increase of nearly a third. Statistics collated from com

pany annual reports by the Labour Research Department, the trade union-funded organiation, show 42 directors were paid £500,000 or more, com-pared to 30 in the previous

The figures will add to the Government's discomfort over government's discomfort over pay rises for top earners when it is urging employers to keep wage increases down to the level of inflation or below. Mrs Margaret Thatcher, the Prime Minister, has said many recent increases for disorders. recent increases for directors are unjustified and executives should he setting a hetter example to their workforces. Nalgo, the local government union which has rejected an

8.15 per cent pay deal for 500,000 members, said it was difficult to accept rises below inflation when top salaries were going through the roof. The LRD found 22 executives whose pay more than doubled and 41 who received an increasa of at least

£100,000.
Included among both groups were: Mr George Walker, chairman of the entertainment group Brent Walker, whose salary rose from 276,000 to £300,000; Sir Edward du Cann, chairman of Lourho, up from £127,563 to £408,558; and Mr Duncan Davidson, chairman of housebuilder Persimmon, up from £109,000 to £367,000.

·Five directors were paid between £1m and £2m and one - the head of a city broking firm - was reported to be on a salary of more than £2m.

LRD says 1,911 directors in 563 companies were paid at least £100,000 in the year of their company's latest accounts, against 1,451 the previous year. The number on £100,000 to

£200,000 was up hy 298, a 26 per cent rise. Those earning between £200,000 and £500,000 rose by 51 per cent to 148.

Directors' Pay Bubble
Expands - Labour Research magazine. Labour Research Department, 78 Blackfriars Road, London SEI SHF. £1.60 plus postage.

Thatcher appoints whips for the Lords

MRS Margaret Thatcher's ministerial reshuffle was .completed yesterday with the appointment of two whips in the House of Lords. They are Lord Reay, a for-

mer member of the European Parliament and of the Council of Europe, and Lord Strathmore and Kinghorne, aged 32, who succeeded to his title in 1987.

Ready for the investment plunge

Andrew Hill on City reaction to the Government's water package

HE CITY has naver found political juggling very entertaining, and water privatisation has required more jnggling than any previous government

So when Mr Michael Howard, the Environment Minister, yesterday revealed the first crucial batch of figures relating to water privatisation, the first reaction of City analysts was relief that the Government's lengthy wrangling with water industry chiefs was finally over.

They can now settle down and assess the attractiveness of the industry for potential investors without having to guess the most important sta-

tistics. On balance, analysts felt the package injected enough public money into the 10 water authorities to offset fears that the new companies services might have difficulty funding environmental improvements demanded by the Government and the European Community. The so-called "green dowry"

– an injection of some £1.2bn
in cash for the 10 water authorities and the writing off of about £4.9bn of debt - should mean lass radical prica increases. Authorities will be able to fund a larger proportion of their heavy capital expenditure programma from

borrowings.
"I think the City is also going to be very much reas-sured that at long last a figure for capital expenditure has been established," said Mr Nigel Hawkins of Hoare Govett yesterday. But the actual level of capital expenditure -£18.65bn over 10 years, and more than £30bn over 20 years at 1987-88 prices - looks low to

some analysts.

Mr Robert Giles of Laing & Cruickshank said yesterday he believed total capital expenditure for the industry would be greater. This could indicate that more requirements than originally expected would have to be covered by the "cost pass-through," which is meant

to allow for unforeseen circumstances, such as new statutory obligations. Mr Howard yesterday danied that any known costs had been hidden. In general, however, City observers seemed pleased with the results of the Govern-

ment's negotiations with the industry. Mr Alistair Buchanan of Smith New Court, research broker to the Water Authorities Association, said yester-day: "I think the Government has pulled together an attractive package: the Department of the Environment seems to have acknowledged not only the difficulties within the industry, but also what the investors will be looking for

from the utilities." Those cautious about plunging into water may prefer to wait for further fundamental announcements to be made nearer the November flotation. These should cover: • The proportion of the indus-

try be sold.

Poesible incentives for

shareholders. Dividend and profit forecasts - indicating the expec-ted yield and the dividend cover. And, most importantly;

 The price.
 Mr Giles of Laing & Cruickshank was doubtful about whether the Government had put the authorities on the same footing for flotation in Novem

"I would say there was no such thing as a level playing field, because what is level in terms of operating profit will not be level in terms of cash flow," be said yesterday. In particular, the 29 statutory water companies have yet to receive their 'K' factors -

tember or later to hear their The companies, which are already in the private sector, cannot have their debt written off and are likely to press for higher K factors, in an attempt to level the playing field with

which limit price increases -

and will have to wait until Sen-

Financial changes clear way for flotation

THE financial arrangements announced by the Government and the water authorities yesterday provide essential infor-mation on which to value the 10 authorities, although a final judgment will have to await publication of the prospectuses prior to flotation on November

22, writes Richard Evans.

The new public limited companies will have to fund capital investment totalling £18.65bn over 10 years. This will he partly to renew crumhling assets and partly to bring water quality up to European Community standards.

Nearly all the £4.9bn debt of the 10 authorities is being written off and a cash injection substituted in most cases. The one exception is Anglian Water, which will continue to carry debts of £148m. This is hecause Anglian bad exceptionally large debts of £900m on its capital expenditure. The three anthorities that

INCREASE IN WATER CHARGES (Debt)/cash Limit on price increases 10-year capita position (assumed as being set today expenditure (£m, 1987-8 at 31-3-901 %p/s, years 5-10 Anglian (148)Northumbria 3290 North West 1030 Southern South West Thames Yorkshire "Southern's K is 5.5 for 3 years, 3.5 for 2 years, 0 thereafter

have gained most from the write-down of debt are North West, Severn Trent and Anglian. Thames Water, the biggest authority, which was virtually debt free ends up with a cash balance of £96m.

The formula for price increases after privatisation is

takes into account numerous variables including capital expenditure plans, standards of service, dividend cover and gearing. There is also a higher efficiency factor included.

These limits on price increases will cover two fiveyear periods and can varv based on the retail price index according to the financial pro-plus a factor called K, which file and capital expenditure

needs of the company. The average increase will be about 5 per cent above the rate of

K figures for the 29 statutory water companies, which are already in the private sector hut which will come under the same financial regime as the authorities after flotation, will be announced later in the year.

Whitehall relocates 1,100 jobs

By Michael Cassell, Political Correspondent

THE Employment Department is to relocate a further 1,100 jobs from London and Watford to the north of England, Mr Norman Fowler, the Employment Secretary, announced

yesterday. The decision means that since 1979 more than 5,000 administrative, head office posts in the department have moved out of London. Mr Fowler said: "All that will remain in London is a central core of posts which need to

be in day-to-day contact with ministers and with the rest of Whitehall or in close proximity to professional organisations. The remaining 1,400 staff will vacate eight huildings and operate from one address. The phased move will start

early next year with the relocated jobs going to Sheffield and Runcorn. The exercise is expected to save about £2m a

Similar relocation exercises are being considered in all government departments, following a request from the Treasury that relocation should be examined as a way of reducing costs. The Ministry of Defence, the Department of Social Secu-rity and the Inland Revenue intend to move staff to lower-

cost locations. Mr Fowler said that earlier staff relocations to Runcorn and Sheffield had proved very successful. Every effort would be made to find jobs in London for staff not wanting to move, which was unlikely to prove

difficult given an annual turnover rate of 20 per cent in the Staff making the move will

retain their London weighting payments until these are over-taken by pay increases. They will be sble to take advantage of a facility enabling the pur-chase of a home in the north irrespective of whether the existing home has been sold.

Mr Fowler said the pattern of small policy headquarters, with devolved operational units, provided a more efficient system of government.

Locating outside London reduces costs, provides staff with a much-improved quality of life and helps us recruit and retain staff of high quality," he

Pound helps strengthen reserves By Raiph Atkins,

Economics Staff

BRITAIN'S GOLD and foreign currency reserves nudged slightly higher last month as the Bank of England sppeared to refrain from large-scale intervention on foreign

exchange markets.
Official reserves increased by an underlying \$67m (£42m) in July, the Treasury said yes-terday. That followed a record \$2.24bn fall in June as the Government sought to support

sterling. Although the figures give only a broad guide to the scale of intervention, the modest rise highlights the stability of the pound in the past month. Sen-timent has been helped by optimism about the economy and

differentials between UK and overseas interest rates. Mr Richard Jeffrey, economist at Hoare Govett, said: "All that has happened is that interest rate support for sterling is showing through more clearly now that people are taking a more eanguine view ahout

trends in the real economy." Despite squalls in foreign exchange markets in previous months, the level of reserves remains high. At the end of July the holdings etood at \$43.63bn compared with \$43.67bn at the end of June. The actual change in July was a fall of \$34m. The difference between this and tha underlying change is partly accounted for by \$204m of repayments on horrowing nuder the exchange cover

scheme, whereby nationalised industries borrowed on foreign exchange markets. A valuation change arising out of the quarterly rollover of the European Monetary Co-operation Fund amounted to a

Rover wins £16m order from MoD

rise of \$104m.

ROVER GROUP has won a £15m order from the Ministry of Defence for at least 1,600 Montego cars, the company announced yesterday.

The diesel turbo models will

be supplied over the next three years to be used as staff cars y senior and middle ranks in the Army, Royal Navy and RAF. The company said the deal represented the biggest single order so far for the diesel Montego.

Ulster factory closes

CROMPTON Delta Cables is closing its Nortbern Ireland factory with the loss of 133 jobs. Union leaders blame the move on the company's decision to concentrate production of its range of specialised cables at its Leeds factory in sdvance of 1992.

Head hunters give a XXXX for real ale

Ralph Atkins finds the perfect pint issue is clouded by the report on the big brewers

Taka malt, yeast, bops, sugar and water. Mix — with due regard to theological Taka malt to theological Taka malt water. Wix — with due regard to theological Taka malt water. Mix — with due regard to theological Taka malt water. Mix — OF BRITAI disputes about how to hrew store and dispense ale. Ferment until the image is

firms and sole practitioners,

who see the advent of outsiders as a threat to the profes-

sion's culture and to the audi-

The recommendation must

be approved both by the UK competition authorities — in the form of the

Trading — and by a majority of

the membership of each of the

three accountancy bodies.

tor's independence:

cloudy amid hostile dabate hetween profit-orientated industrial conglomerates and "real ale" fans. Then add a 500-page Monopolies and Mergers Commission report, published in March, which pro-posed a wide-ranging shake-up of the brewing industry.

Fizz with an army of ear-ring

wearing "lager louts" (for lager accounts for nearly half beer sales, up from almost nothing in the 1960s) and pour into a 0.56824-litre glass. Serve tepid.

If there is no reaction, do not despair. The British beer drinker is no longer intoxi-

cated by the confusing, indeterminate concept of a model pint. He or she drinks lager, ale or stout - low-alcohol, no alcohol or loadsofalcohol - and will knock it down anyway.

Some beers are "real ale"
made to recipes that are centu-

ries old. Many are pasteurised, filtered, coloured with caramel, spiced with preservatives and injected with carbon dioxide. Drink up - the only way out is escapism. Down at the Garden Gate pub in Hunslet, a suburb of Leeds in Yorkshire,

they drink beer like it should

be drunk. The Garden Gate is a "corridor pub" of untainted Victorian splendour - a world apart rien spiendour — a world spart from the modern housing estate in which it is sited. It has four drinking rooms off the main hallway, each of different character. Most sumptness is the Smoke Room, with wooden panelling original fireplace, cut-glass window panels and cast-iron tables and chairs

In the midday sun with a doorway, however, most of the condition this is," says Mr Bar-





The pint of beer

regulars are drinking in the regulars are drinking in the corridor. Yorkshire men prefer to knock it down standing up.

Mr Dennis Ashman, landlord, says the Garden Gate survived redevelopment in the 1960s "by the grace of God."

Today it lives on its expressions.

"It's not the type of area to attract lager louts," he says. "The clients are mostly local and middle-aged. We get a few youngsters but we don't really. cater for them. They want loud music and lager. That's why they are called lager louts, I

Of the beer he sells, 85 per cent Tetley hitter — as brewed by Joshua Tetley & Sa rich, creamy heer with thick head that smells of malt and hops.

Tha 21,000-mamber Campaign for Real Ale, or Camra, calls Tetley hitter a "real ale." It has undergone a secondary tation in a cask to create a full, mature flavour. Such beers stand a world apart, Gamra believes, from mass-pro-duced, sterile "keg beers" – brewed for long shelf life and

higher profit margins. This is a live beer. It's up to gentle breeze through the open the landlord to serve it in the rie Pepper, local Camra mem-ber, peering into his pint. "I could teach you how to handle keg beer in an hour hut I couldn't teach you how to han-dle cask-conditioned beer in a fortnight. Or a century even. It

takes genius."
Step back into reality. Sober commercial pressures have to be faced. Tetley bitter may be a traditional beer but it is brewed in a £10m brewhouse of spanking stainless steel and computerised controls. The facility can hrew up to 9m pints of bitter, mild ale or lager

Joshua Tetley owns more than 1,000 inns and pubs. It is part of Allied Brewers, which is one of the "hig six" UK brewers and the brewery division of Allied-Lyons, the food and drink group with a £4.5bn

For two years Tetley bitter has been promoted nationwide, helping to boost sales in a market that has declined steadily ince the early 1980s. The campaign has the flavour of a Christian crusade. Special leaf-lets have been published to show southern bar staff how to pull pints with a tight, creamy

The aim ie to create an image of a wholesome, traditional drink but with modern appeal. "You couldn't sell it on its old-fashioned image of flat hats and whippets. The young want to see it as a contemporary drink," says Mr Alan Keeling, commercial director. Elsewhere in the brewing business, the game is also try-ing to cash in on consumers'

tastes. That's what the brewers sav, anyway. Many cynical Camra mem-bers and ordinary beer drinkers believe the big brewing companies use advertising merely to persuade them to drink the beers they want to sell. Moreover, the "big six" own more than 30,000 pubs and

restaurants, which gives them



Pulling customers: Golden Gate landlord Dennis Ashman

control over supply as well as

Take keg beer - Camra'e bug-bear. The Brewers' Soci-ety, representing most brewing companies, says its growth since the 1950s has reflected demand for reliable, unchang-ing beer. Too often, real ales were poorly stored, tasted bad and production was slumping. "There is a need for a product which is consistent, which has an acceptable shelf life and a flavour which you can rely

product," says Dr David Long, deputy technical secretary at the society. On lager, the Brewers' Society says consumption has soared because of fashion. Increased trips abroad and centrally haated homes have encouraged demand for cool,

on wherever you drink the

The real ale fans are less than impressed. "Camra has got the big six firmly in its sights," says Mr Stephen Cox, campaigns manager. "They charge high prices

and the products they produce

are in many cases pretty awful and hland.'

Society and a backdown by the

Into this debate came the Monopolies and Mergers Commission report earlier this year with recommendations for breaking up oligopolistic domi-nation in the industry. Its suggestions led to large-scale lob-bying by a horrified Brewers'

Even now, few really understand what it will mean for British beer, But then, after a second pint of Tetley's, the customers of the Garden Gate probably couldn't give a

Many engineers unhappy about prospects for 1992

MANY of Britain's engineers and engineering managers seem to lack confidence in the UK's manufacturing prospects for the single European market in 1992, according to a survey

published yesterday.

Just over half tha respondents in the survey believed France and West Germany would benefit most from a single European market, against 18 per cent who disagreed with this view and about a third

who did not have a view. A third of those who took part in the survey agreed to a statement that 1992 was more of a threat than an opportunity for most British companies. although 41 per cent disagreed with this statement, whila a quarter neither agreed nor dis

The survey was carried out by The Engineer magazine among its readers and is based on replies from 432 engineers and managers in a cross-section of manufacturing compa-

Despite these signs of a lack

of confidence, 79 per cent accepted the view that British industry would lose out if the Government "does not get in tune with Europe," compared with 8 per cent who disagreed. Some 44 per cent of respon-dents agreed with the view that other European countries have more trade barriers to demolish than has Britain as against 15 per cent who dis-

agreed with the statement. According to The Engineer, people interviewed who were working in the motor industry and metal goods in general appeared least confident of their sectors' abilities to withstand extra competition.

The survey underlined that it is difficult to extract a uniform view from engineers about some of the most important issues facing manufactur-Some 30 per cent of respondents thought the Japanese

should not be encouraged to set up in Europe while 46 per cent disagreed with this state-

Record year for tourism

By David Churchill

THE BRITISH tourist industry is enloying its best-ever year, according to official figures released yesterday by the Department of Employment.

tors to Britain in May rose by 21 per cent compared with the same month last year to reach 1.4m. This means that so far this year the number of visitors has

The number of overseas visi-

risen by 16 per cent, to a total of 6.1m. The buoyancy comes after a record level for British tourism last year and, barring any unforeseen downturn, means a record number of visitors will come to Britain this year.

Figures show the boom in

visitor numbers in May was spread across all overseas mar-

The numbers of North Amer icans visiting Britain were up by 18 per cent over the year. The figures for British residents travelling ahroad also rose by 14 per cent in May, to

These figures show an

first five months of the year. However, this means Britain is still running a trade deficit on tourism. In May the deficit of tourist spending abroad over spending in Britain was £150m, and over

increase of 12 per cent over the

the first five months it was

slow drip against the 'green' tide

Christopher Parkes explains how detergent makers and other established manufacturers are hoping to counter a widespread conception that their products are not 'environment-friendly'

tious soup, known as the Adriatic Sea, is once again brimming with algae. Blossoming in the shallow waters, warmed by the sun and fed on the rich supplies of nutrients pouring from the land the invading plants appal and ensnare holidaymakers and stifle aquatic life.

Responsibility, according to news reports, lies partly with the phosphate residues from detergents.
Such claims do nothing for

Phil Gilbert's blood pressure. As Gilbert, a scientific and environmental adviser to the Soap and Detergent Industry Association, points out, Italian detergents do not contain phosphates. They were banned precisely because they were suspected of promoting algal

growth in the sea.

For those seeking a scape-goat, he advises consideration of the vast herds of pigs which populate and pollute the hroad Po valley as it sweeps down to the Adriatic

"Anyway, I know of no documented case of any reduction in eutrophication (over-enrichment) by taking phosphates out of detergents," he states.

Gilbert, an employee of Uni-lever, one of the biggest deter-gent makers in the world, is one of an assortment of experts being wheeled out to appeal on behalf of the industry for more reason and logic in the current confusion over the relative merits of allegedly "green"

It might appear that the emergence from nowhere of phosphate free brands like Ecover (its promoters say sales will increase 10-fold to £10m this year), Ark, and Bright White from West Germany's Henkel, has produced a classic knee-jerk reaction among the big boys which see their mar-ket domination challenged.

Lever Bros, the Unilever subsidiary, and Procter & Gamble of the US, account for around 80 per cent of laundry deter-

But the SDIA, representing some 60 manufacturers, is forhidden hy its constitution from tinkering with competitive marketing issues, says John Pickup, seconded from Albright & Wilson to head its



external affairs committee By reasoning and explaining to the media and anyone else who will listen, and without overtly "knocking" the new competition, it bopes to turn the mounting tide of popular belief that products which make no overt claims to he "green" or environmentally-

friendly are to be deemed Such gentle pressure may

excess phosphate levels in UK resolved or substantially improved by removing the that comes from detergents," they say.

The association clearly faces substantial difficulties. It is effectively being asked by its members to promote the industry's interests with one hand tied behind its back. an ontcry over foam-laden rivers. It has since maintained a profile so low as to render it almost invisible, and its external affairs committee was not even formed until late last year being taken up as a marketing tool and phosphate-free deter-gents from West Germany were making inroads.

There is a certain naiveté about the committee's

The acute marketing brains of Lever, P&G and other companies are well aware that once a simple, apparently reasonable proposition is implanted in a consumer's mind, it can be almost impossible to uproot it. This is the basis of the selling tactics which have given their brands supremacy. The notion of 'green-ness" is a fair example of such a proposition.

put paid to confusing, misleading and impertment claims on certain new products. Labels bearing lines such as "no chlo-rine hleach," for example, are misleading because such ingredients are not used in any fabric washing powders sold in

Biodegradahle," is mnch bandied about as an environmental advantage, although all domestic detergents have by

When it comes to the promotion of phosphate-free prod-ucts, the soap makers hend over backwards to be reason-able; "the established body of scientific opinion shows there is no problem resulting from

explanatory documentation which deals in terms such as eutrophication, ethylene diamine tetra-acetate, and anionic, cationic and nonionic snrfactants are unlikely to prove effective against the reen tide which is threatening to carry away the marketers, popular media, retailers, and

The SDIA is also trapped in a reactionary posture - which may help to explain why it is reluctant to confront its diffi-culties with more vigour. It was formed in the 1950s when the widespread use of syn-thetic detergents, developed in wartime Germany, provoked

approach. Pickup says tha association was taken by surprise when consumers took up the green banner. "It is surprising that people suggest there are major environmental problems associated with products that have existed for years," he

"We had always assumed that consumers took manufacturers' concern for environmental care for granted." Rolling out reams of scientific evidence to show that water eutrophication is a local

problem, arising only when a dozen or more technical and environmental criteria are in complex balance, may be a proper tactic. But Pickup is also right when he comments: "People like to think they are

doing their bit."
This is the buman foible onto which retailers, manufacturers, politicians and journalists have latched with gusto.

Some packs are labelled "recyclable," when there are facilities to salvage only a tiny fraction of the cans and wrappings dumped every day. A recent press release from Tesco is economical with the facts in a declaration that phosphates water "can cause algae to build up and starve marine life of light and oxygen."

"It is not just in the deter-gent market that toxic chemicals are being removed. declares market research specialist IIS in a puff for a report on "green" products.

There are indications of a backlash against some of the extravagances. Advertisements for Panasonic and Varta batteries have come under fire from the competition for suggesting that removing one chemical, mercury, from a dry cell somehow makes it

Bigger guns were brought to bear on BP recently when the Advertising Standards Authority took the oil giant to task for claiming that its Snpergreen petrol offered "no pollution of the environment" simply because it was lead-free.

However, the acute marketing brains of Lever, P&G and the other companies behind the SDIA are well aware that once a simple, apparently reasonable proposition is implanted in a consumer's mind, it can be almost impossi-

ble to uproot it.
This is the basis of the selling tactics which have given their brands supremacy. And the notion of "green-ness" is a fair example of such a proposi-

"We know there is no quick fix. We will be going for the slow drip, solid approach," Pickup says with commendable realism.

results. Pull Moon, the company marketing Ecover, hav-ing made its mark, has applied

Why Marriott is wooing its customers' secretaries

David Churchill on a hotel chain aiming at the decision-maker

arket research has now confirmed what everyone has suspected for a long time - that secretaries make the key decisions on travel arrangements for business travellers. As a result, the Marriott interna-tional hotel chain has decided

to re-target its marketing.
In conjunction with London
City Airways, Marriott carried out a survey of more than 250 secretaries from major UK corporations. It found that nine out of ten handle travel arrangements for their managers and others in the company.

A third of these secretaries,
moreover, manage without the
assistance of a travel agent or
travel manager in booking

flights, hotels and meetings. "Tha research verified our suspicion that secretaries are far more involved in complex travel planning than we had thought," says Denis Johnson, Marriott's director of market-

ing for Europe.
"With almost 4m business trips being made out from the UK per year, It is clear that our marketing efforts need to be adapted to take into account this underestimated group of travel decision-makers

ravel decision-makers." keting efforts far more towards.

The research abowed that secretaries, including a direct

secretaries do more than make the final booking — they also select the airline, choose the hotel, and more often than not specify the type and location of the room and additional points such as meeting space and in-

room bar service.

By far the most frequently requested preference, according to Johnson, was for non-smoking rooms which Marriott

already provides. Second preference was for a quiet room, with suites third.
"Least important out of 10 points raised was a room near a fire escape," adds Johnson.
Three quarters of the secre-Three-quarters of the secre-taries polled did not consider that the personal preferences of their bosses made finding a suitable hotel difficult. The research also revealed that secretaries spend far more time on travel arrangements

than perhaps their companies are aware. A quarter, for exam-ple, said that they spend up to half their time making travel arrangements and, on average, almost half the secretaries surveyed spent between 59 and 118 days a year planning travel.
As a result of the research, Marriott plans to focus its mar-

mail campaign to 31,000 harred man campaign to skall harders servicaties of senior directors of Britain's largest companies.
"We must clearly recognise their role and give them the sort of service and back-up they need," says Johnson. Marthey need," says Johnson. Marthey need," riott intends to run seminars and other promotional events in conjunction with other travel suppliers, such as air-lines, to try to ensure that it does not miss out in the competitive business travel mar-ket.

Marriott is not alone in see-ing secretaries as a key target in setting up business travei arrangements; car rental oper-ator Budget Rent a Car has just launched a Sacretary's Club which offers free gifts such as compact diacs and video cassettes for secretaries who book their bosses a Bud-

Secretaries can use a fast reservation service which is available through the use of a credit-card type Personatised Identification Number. Lucy Bose, manager of the Secretary's Club, says that since the scheme was launched last month sha has received 20 memhership applications a

Flying the best of a bad bunch

David Churchill reports on travellers' airline preferences.

ritish axecutives flying across the north Atlantic are apparently not very impressed with the quality of service available on the airlines plying the route. A new study of frequent, husiness travellers, based on interviews conducted with a number of senior business executives last spring found that "while there is a good deal of enthusiasm for certain carriers to the Far-East and Europe, there was no such enthusiasm for carriers across the north Atlantic."

The study, commissioned by the international hotel booking and marketing organisation Steigenberger Reservation Service, suggested that "respon-dents were faced with a limited choice and really were selecting the best of a bad bunch."

It says that where a preference on north Atlantic airlines was made, it was based on "attentiveness of personnel and general attention to detail."

Probably for fear of potential lihel actions, the study declined to name the "leading US airline which was considered by most as possibly the worst airline in the world." It said that this airline "has an ahysmal reputation among British husiness travellers. which is primarily attributed to its sloppy and curt cabin

On long-haul routes other than the north Atlantic, the preferred airlines in the study were Cathay Pacific, Singapore Airlines, and British Airways. On European routes, Luft-

hansa, Swissair, and British Airways were the favourities.
When it came to hotels, however, the study found that busi-

women travellers were more likely than men to choose a larger international thain because they considered them safer than smaller, indepen-dent-hotels. The Hyatt chain was singled out by women

Those businessmen, on the other hand, who stated a preference for an international chain hotel were more likely to choose a Sheraton or Marriott

One executive mentioned in the study, however, had no problems with choosing a hotel: "I just look for the top hotel wherever I go," he told

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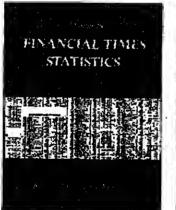
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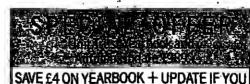
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THE Accounting Standards Committee is bracing itself for a final bout of controversy before it sinks into oblivion and is replaced by the Finan-cial Reporting Council.

The issue this time is good-will accounting — a problem almost as intractable as infla-

tion accounting and one just as likely to drive a wedge between the standards setting body and the business commu-The ASC has not formally nailed its colours to the mast on this vexed issue but it is

clear nevertheless that the committee is minded - to use that non-committal word so beloved of civil servants - to recommend that goodwill be capitalised on the balance sheet and written off against the profit and loss account.

The precise state of play is that the working party, looking at the outdated SSAP22, has endorsed the capitalisa-tion/amortisation approach and recommended this to the ASC as a whole. The ASC found itself in sym-

pathy with the working party and told it to go away and prepare an exposure draft along these lines - and this is scheduled to appear in the autumn. Inextricably linked to the goodwill issue in the minds of most finance directors, if not those who revel in the intrica-

cies of accounting philosophy, is the issue of brands. A sepa-

rate working party has been considering what do to with this curious type of intangible asset. It appears to be some-what bogged down and anexposure draft on brands is unlikely to appear at the same

time as the one on goodwill.

The main principles of the paper presented to the ASC on the subject of goodwill are that goodwill arising on acquisition should be recognised as

The ASC has not formally nailed its colours to the mast on this vexed issue

an asset and recorded on the balance sheet; that internally erated goodwill should not be recognised or recorded on the balance sheet and; goodwill in the balance sheet should be amortised through the profit and loss account on a system-

This means that goodwill should be written off over a maximum of 40 years but that the directors of the company must provide information to justify using a write-off period of more than 20 years. Moreover, the working party

recommends that both the goodwill itself and the period over which it is to be written off must be regularly reviewed "to determine whether the carrying value and the amortisation period remain appropri-

Quite reasonably, the working party thinks it unreasonable to require reinstatement of goodwill that has been written off in the past.

The theoretical arguments are buttressed by developments in the international mergers and acquisitions arena. Current favoured prac-tice is deemed to have been invalidated by the wave of mega-bids in which tangible assets have constituted a relatively small part of the purchase consideration. The obsession with brands, triggered off by Nestle's £2.3bn bid for Rowntree last summer, has led

to many such deals.

The resulting goodwill write-offs have led to the absurd situation whereby the enlarged company is left with wastly diminished reserves and one company - WPP - actually ended up, briefly, with negative shareholders' funds. Its purchasa of J Walter Thompson made it the second the world, but the balance sheet was clearly ill-equipped to reflect economic reality.

The fashion for brand valua-tion was very much the corol-lary of depleted balance sheets. Underlying all this is a strong desire on the part of the ASC to come into line with the

rest of the world. The UK is almost alone in allowing the write-off against reserves standard practice in the US is a write-off against the the p&l over 40 years while in conti-nental Europe the write-off period ranges from 10 to 20

ACCOUNTANCY COLUMN

Gloves will soon come off in goodwill battle

The International Accounting Standards Committee recommends a maximum write-off period of 20 years.

Finance directors are grumbling. In part, there is a proce-dural reason for their disquiet: they have to wait until an exposure draft is published before the ASC formally seeks their views. They know pretty well what the ASC is going to recommend and do not like it, but they cannot complain about it until the ED has been published — at which point they will be morally obliged to comply with the ASC's recom-mendations in any case.

More importantly, finance directors in the consumer goods sector believe that the ASC's likely recommendations are theoretically nonsensical and deprive their companies of a key commercial advantage -insofar as they are currently able to buy brand companies without worrying about the stock-market implications of writing the goodwill off against

earnings per share. Here is just a selection of the hostile views: • Mr David Nash, finance

diractor of Cadbury Schweppes: "The [likely] recommendation is rubbish. For a start it is logically absurd to put only acquired brands in the balance sheet and not ones you've developed yourself. It is also logically absurd to write them off once you've got them into the balance sheet. Any company which has brands as a major asset will

The UK is almost alone in allowing the write-off against

want to grow them, not to write them off." write them on.

● Mr Iain Dobbie, finance director at Reckitt & Colman:

"It is entirely illogical. A company for pany pays out good money for a trade mark and the idea of depreciating that asset does not represent the economic facts of life. The idea is that the value of that goodwill will appreciate, not dwindle."

Mr Jim Blyth, finance director of United Biscuits: "The present system should remain as it is. If a brand is still producing as much profit as when you bought it, why write it

Mr Kevin O'Sullivan,

finance director of Hillsdown seems to be suggesting is no more than a mechanical exercise: they seem to be proposing a rigid framework into which reality will end up being

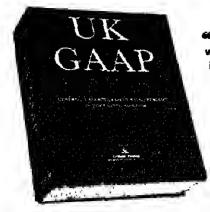
 Mr Martin Moorehouse, group chief accountant at Ranks Hovid McDougall: "We will try very hard to stop them putting this out as a standard. The [likely] proposals take the reality away from accounting arriving at the appropriate write-off period is a wholly subjective business. Goodwill should be growing: any write-off is a false charge on

profits."
These comments show the extent to which the goodwill and brand issue are yoked together in the minds of financial managers.

On the brands issue, the ASC working party has gone so far as to acknowledge that brands are special - but is encountering formidable theoretical difficulties on the differ ence between the value of a brand *qua* trademark and the value of a brand as an inextricable part of a business com-prising factory, distribution,

network and so on. Yes, finance directors are upset. The phoney war has begun but the gloves will only come off once the exposure draft is published later this

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looking for a London based Computer Audit Manager. Reporting to the Operational Audit Controller, the ideal candidate should be a qualified accountant with a minimum of 4 years' computer audit experience at a senior level. A good knowledge of IBM hardware and its operating environments is vital. and its operating environments is vital.

Leading a highly qualified team you

will be responsible for ensuring that all IT related activities within the Group are subject to appropriate levels of control and that all computer related risks

are adequately covered.
Whitbread believes strongly in car development and someone of the right calibre can look forward to career advancement, either within the IT environment ar in a more general business rale within the Group. Please write enclosing a full c.v. ta fiona

Treacy, Human Resources Manager, Whithread & Co. Plc., The Brawery, Chiswell Street, London ECIY 4SD.

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Financial Accountant

"Valuable experience across all the accounting complexities of a major multi-national"

To £25,000 + benefits

London

Kelco Intarnational Ltd is a speciality chamical company and a subsidiary of Marck & Co., Inc. of the USA - the world's leading pharmaceutical group. With a worldwida turnover of £40 million we are an integrated manufacturing/marketing organisation. Wa operata three plants in the UK with major raw material sources overseas. Sales are through overseaa distributors, subsidiariaa and affiliates as well as in the UK.

We seak a Managar - Financial Accounting reporting to the Finance Manager for London HQ, Paris and Hamburg. You will be a competent professional and ideally a graduate Chartared Accountant. You will want to work in a sophisticated computarised environmant where your skills can enhance

tha efficiency of your support staff. You must have the ability to meet tight reporting deadlines with accuracy.

We offer a valuable wide range of experiance within a major multinational, with tha important difference that here you are parsonally involved with all aspects of US and UK reporting requirements, for axampla, consolidations, taxation and currancy.

In addition to salary we offer an excellent benefits package. If you have the qualifications and desire to meet our exacting requirements than please send your C.V. to: Peter Vreada, Director of Personnal, Kelco International Limited, Westminster Tower, 3 Albert Embankment, London SE1 7RZ. Telaphona: 01-735 0333.

International Limited

c\$30,000 TAX FREE IN BAHRAIN

Senior Management Accountant

required to manage and co-ordinate the Management Accounts Section. In particular, this will involve preparation of the corporate budget, development and control of all costing systems, project and fixed asset accounting,

inventory and contract control. You will also develop monthly and periodic financial and management reporting covering all aspects of the Company's operations including analysis and explanations of variances. Ref 1291/2.

Senior Marketing Accountant

to be responsible for supervising and coordinating the activities of the Marketing Accounts Section. This will cover sales accounts for the international, aviation, retail and distribution sectors together with all aspects of refining accounting. You will supervise the

preparation of all financial reports, prepare your annual budget and recommend sectional operating procedures. Reporting up to General Management level on a routine basis you will also liaise with Government Departments when required, Ref 1291/3

The Bahrain National Oil Company is a fully integrated organisation covering oil and gas exploration, the processing of local imported oil products, production and distribution of natural gas, marketing, shipping and retail

operations. Both appointments require a qualified CA, CIMA or ACCA, with at least five years' experience of similar work in a computerised environment of a large organisation. At least 3 vears managerial experience is also essential.

implementation experience and overseas exposure both helpful but not

Attractive benefits include free married accommodation, end of service gratuity and generous leave with air fares.

In the first instance please write with full details and C.V to John Strang quoting the appropriate reference. MSL international, 32 Aybrook-Street, London W1M 3JL

M5L International

Group Chief Accountant

 $c \pm 30,000 + car$ PLC, Reading

This is an outstanding opportunity for a qualified accountant, probably aged 28-32. It falls within the small corporate staff of an ambitious, profitable and acquisitive public company engaged in the computer products and peripherals markets.

The Group Chief Accountant will support the Finance Director in all planning, acquisitions and treasury work, as well as taking full delegated responsibility for the consolidation and co-ordination of management accounts, financial accounts and budgets.

Applications are invited from accountants with a record of achievement and progress in the profession or commerce/industry. Salary is negotiable and career prospects are excellent.

Please write, enclosing career details and quoting reference 654/1, to Nigel Halsey, Managing Director, at the address below Telephone 01-895 1323.

Halsey Consulting Partnership 25 Villiers Street, London WC2N 6ND

GROUP FINANCE MANAGER



c.£45,000 + CAR + FINANCIAL SECTOR BENEFITS **CENTRAL LONDON**

Recent developments at Abbey National have been attracting intense interest. Following conversion, as we prepare to compete in a new era and in new markets, the future offers tremendous stimulation and opportunity. Nowhere will there be a greater need for good decision making than in Group Finance.

The challenges facing you will be threefold. Firstly, you will control the Group's management information flows and forecasting; secondly, you will control the Group's accounting functions and statutory reporting; finally, you will control the installation of new financial systems.

Heading up a highly experienced team of 50 staff, your task will be to confront these issues head on and successfully take this key area of Abbey National through the expansion now ahead of us. It's a highly strategic role which will demand all the resources of a precise, analytical thinker. The high profile of this position means you'll be conducting negotiations with the Bank of England and major commercial institutions, as well as liaising extensively with senior managers within the Group.

A Chartered Accountant in your 30s, you'll have at least 5 years' post-qualification experience, some of which should have been spent in the financial services sector. Computer literacy and experience of the installation of financial software are essential qualities as are excellent communication skills and a high level of personal credibility. if you have the ambition to meet this challenge, write enclosing a brief CV indicating current salary and the particular skills you would bring to the job. to Glona Barber. Management Recruitment Manager, Abbey National, Abbey House, 201 Grafton Gate East, Central Milton Keynes MK9 IAN.

The closing date for applications, which are invited from all sections of the community, is 17th August 1989.



Management Skills

Pillia Bese

W. London c.£27,500 + Car + Benefits

Created over 30 years ago this major international media group has diverse interests in film, video, satellite and worldwide distribution services.

Established leaders in their field, they have reached a key stage in their development.

An ambitious, qualified accountant, age under 30 years, with obvious man-management skills is sought to play a central role within the Finance function. Reporting to the Chief Accountant, you will be supervising an established team producing Group Accounts in a multi-currency environment. Additional responsibilities will include monthly reporting to Board level and a close involvement in the enhancement of computer

A challenging opportunity, calling for the ability to motivate and develop team members, your personality and drive will therefore be more important than specific commercial experience. Benefits include 5 weeks holiday, pension, life assurance and share option scheme. Write, with full CV and daytime telephone number, to Patrick Donnelly, quoting reference FT/048.

314/316 Vauxhall Bridge Road, London SWIV LAA. Tel: 01-828 2273

FINANCIAL CONTROLLER

Middlesex

the senior management.

ACA/ACMA

c£28,000 + Bonus + Car

Our client, a major multinational organisation, is one of the largest and most acquisitive players in the competitive computer leasing sector.

As a consequence of continued expansion, there is an immediate

requirement for a Financial Controller for their brokerage division. Reporting to the Divisional Managing Director, the role will involve the co-ordination and management of a finance function of five staff, responsibility for putting together financial statements, budgeting and

MIS development. This position offers substantial involvement with

The ideal candidate will be 28-32, a highly motivated qualified accountant and have at least two years' commercial experience. Strong technical and man management skills are essential requirements.

For the individual who can respond to such a challenging role, promotion to finance director is envisaged.

Interested applicants should call Giles Daubeney on 01-437 0464, or write to him, enclosing a full CV, at the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS Queens House I Leicester Place London WC2H 7RP

Group Accountant

up to £35,000 p.a. plus car

North London

Our client is a successful aggressively growing quoted Group of companies with diverse interests in the leisure, consumer goods, industrial distribution, packaging and engineering industries with operations throughout the United Kingdom and in the USA. The Group has ambitious plans to continue its development by organic growth and acquisition and wishes to make a new appointment of Group Accountant who will be responsible for varied work including preparing Group plans and financial forecasts, monthly and statutory accounts, developing and improving operating company controls, conducting investigations into potential acquisitions and participating in post-

Candidates must be young, well qualified accountants who have gained training and experience with a well established practice or company, which has exposed them to the accounting standards and requirements of public companies and preferably to mergers

The initial remuneration package will be excellent, including a substantial salary coupled with a bonus, as one would expect for a high flyer accountant in this form of company which believes in rewarding successful people. Career prospects in this

exciting test growing Group are excellent. Interviews will be held in London. Please send details of your career and contact telephone numbers quoting reference

6124/FT to George Hopwood at: Management Consultants Heron House, Albert Square, Manchester M2 5HD.

Career Move Into Investment Banking

PROTEST PROTEST STATES OF THE PROTEST OF THE PROTES

Young Ambitious Accountant

1-2 yrs P.Q.E.

c£30.000

Our client, a blue chip investment bank, is offering an unusual opportunity for an ambitious young ACA to work closely with its entrepreneurial management team.

Reporting to the Head of Finance, you will provide effective support for all aspects of financial and management accounting. The role also includes treasury related responsibilities and assisting management in a broad range of business activities from securities trading to corporate finance.

Candidates, aged 25-30 will be graduate ACA's with at least one to two years' post qualification experience. You should have good communication skills and the ability to undertake a broad range of management tasks and contribute in a real sense to

This high profile position provides the opportunity to gain an understanding of virtually all aspects of investment banking

within a close knit environment. Interested candidates should contact Suzie Mummé on 01-248 3653 (or 01-673 2549 evenings/weekends) or write, sending a detailed CV to the address below or use our confidential fax line on 01-248 2814. All applications will be treated in the strictest confidence.

76, Watting Street, London EC4M 9BJ



Tel: 01-248 3653

CONSULTANTS IN RECRUITMENT

Finance Director

Pharmaceuticals.

West Germany.

To £50,000 + car

Our client, a household name and publicly quoted group, is a highly successful British based multi-national whose West German pharmaceutical subsidiary is now seeking a high calibre Finance Director. You will report to the Managing Director, and be a key member of the management team with overall responsibility for the finance and information processing functions incorporating local treasury and taxation requirements. You will make a major contribution to the formulation and implementation of the company's

You will probably be in your mid-30's, a qualified accountant preferably with a degree or MBA, and have worked in a senior financial role with a major multi-national company. You must possess a good working knowledge of German, be highly motivated with strong leadership qualities and possess first class technical and inter-personal skills. Experience of working in Germany and of acquisitions and investigations would be an added advantage. Above all you must have the strength of personality, intelligence and flexibility to succeed in an expanding commercial environment.

This is a key appointment in the world's third largest pharmaceutical market and is based in a major city in West Germany. Career development potential with this prestigious group is excellent.

If you are interested in this appointment, please telephone Stuart Adamson FCA or Graham Marlow on 0532 451212 or send your CV in confidence quoting reference number 676 to Adamson & Fartners Ltd., 10 Lisbon Square, Leeds LS1 4LY.

ADAMSON & PARTNERS LTD.

Executive Search and Selection

CHIEF ACCOUNTANT FINANCIAL CONTROLLER

University of Leicester Negotiable to c£30,000

OUR CLIENT, a major academic institution, is developing a programme of planned change 10 meet the educational, financial and administrative challenge facing bigher education over the next decade. The University has an income from various sources in excess of £45 million and as part of its development plan now seeks a highly influencial and fully qualified accountant to oversee the University's finances.

The Chief Accountant will be the senior professional member of the Financial Secretary's Office and he/she will need to be able to establish good relationships with academic and administrative personnel at all levels.

In addition to the general requirements and skills of a Chief Accountant, applicants must be familiar with modern accounting systems, commitment accounting, use of computers and computer systems, and preferably investment appraisal. Additional responsibilities will include preparation of the University's reports and accounts, advice on preparation of budgets and supervision of financial transactions.

Aged 30 to 45, you must be a Chartered Accountant with several years' experience in financial management and preferably with experience of working in a university or other higher education environment. However, applications from good candidates with other public sector and/or industrial experience will be welcomed.

Please write or telephone for an application form, or send a detailed CV to M Jones, quoting Ref: PBM/3601/AJ, PA Consulting Group, 6 Highfield Road, Edgbaston, Birmingham B15 3DJ. Tel: 021 454 5791.



TO Consulting Group BUMAN RESOURCES

Creating Business advantage

Finance Director

City

c. £32,000 + car

Our client is a group of public relations, design and advertising companies (income £4m), itself part of an international public relations network.

Reporting to the chief executive the finance director will assume overall responsibility for the financial, secretarial and administrative functions. In particular hc/she will provide meaningful management information to the managing directors of each company and as a member of the group board will also participate in the development of strategy.

Candidates must be qualified accountants, aged around 35, with proven success in a commercial role at senior level. A high degree of commitment and inter-personal skills is of prime importance in order to establish good working relationships with young, creative and ambitious executives.

Applications under ref (FT 3889), Miss Marion Williams,

The Recruitment Division, Hazlitt Advertising Limited, Hazlitt House, 4 Bouverie Strect,

London EC4Y 8AB.

HAZLITT

RECRUITMENT DIVISION HAZLITT ADVERTISING LIMITED

Financial Controller-plc

A Young Chartered Accountant

London W1

to £28,000+car

This is an exceptional opportunity for a Chartered Accountant looking to enter industry. Our clients are a major force (£40m T./O1in their service-based sector with an ambitious programme of organic growth and acquisition in the UK and abread. The Financial Controller will work closely with the Finance Director in a young management team operating modern systems of financial planning and control. He/she will manage a small central staff and be involved in most aspects of the finance function including treasury management, acquisition studies, statutory accounts and contact with financial institutions. The role therefore provides an excellent opportunity to exercise responsibility and acquire experience in the financial control of an expanding plc. Ref. 1702./FT. We wish to conduct preliminary interviews by 11th August so that applicants are invited to telephone R A Phillips on 01-493 0156 (24 hours) for a brief discussion or, if out of hours, to leave telephone numbers on which they can be contacted. Alternatively CVs may be sent to Phillips & Carpenter. 2-5 Old Bond Street, London W1X 3TB.

Phillips & Carpenter
- Selection Consultants —

CORPORATE INTERNAL **AUDIT SUPERVISO**

Aldridge, Staffs.

£30,000+Car and Excellent Benefits

Reporting to the Ferro Corporate Internal Audit Manager (USA), specific responsibilities will include: Ferro Corporation, a multi-national Fortune 350 company head-quartered in Cleveland, Ohio, is a profitable worldwide Group and market leader in the field of industrial speciality materials. The corporation wishes to develop a Corporate Internal Audit function (USA), specific responsi throughout Europe

Internal Audit Supervisor The successful candidate will be a qualified gu Accountant with the people skills and technical ability necessary to make a substantial contribution to the commercial development of the corporation. Six to eight years experience in manufacturing audit coviron ment is key. Skill in the use of personal computer based applications will be an advantage. This position will require approximately 60% travel.

in Europe, to be headed by a high-calibre Corporate

- the development of audit plans and programs

 the provision of meaningful commercial informatio which follows all relevant procedures, to local and - the supervision and direction of a small team of staff

Promotion opportunities within the Group are wide-ranging and challenging.

Please apply, in writing, with full career and salary history details, quoting reference B/220/89, to Louisa Chapman.

KPMG Peat Marwick McLintock

Executive Selection Peat House, 2 Cornwall Street, Birmingham B3 2DL

CHIEF ACCOUNTANT

West of London

c£23.000+Car+Bonus

Our client is the European subsidiary of a successful U.S. multinational primarily concerned with the provision of business solutions through the supply of equipment for the storage and retrieval of information. The Divisional Headquarters co-ordinates all reporting for U.K. sales and directs a large distributor network trading throughout EUROPE and the MIDDLE EAST with an aggregate annual turnover of \$40 million.

Reporting to the Financial Controller, the Chief Accountant will oversee the divisional accounts function. Managing the accounting staff, other duties will include the preparation of monthly management accounts, review of operating performance, production of reports for divisional management and assistance in statutory accounts, tax and treasury functions. The company is undertaking a long term review of its accounting and reporting systems and the Chief Accountant will be expected to make a significant contribution to this process.

A qualified accountant with a successful track record you should recognise the need to progress to a more challenging role within an international sales oriented organisation.

The offices are located to the West of London within easy access of the M3, M4 and M25 motorways.

For a comprehensive briefing please telephone MARK ROWLEY on 01-387 8118 or send your CV to him at:



EXECUTIVE 81-103 Euston Street, London NW1 2ET

A Division of Scope Executive (Recruitment and Consultancy) Ltd.

Qualified Accountants Leasing – up to £35K

Operations Manager £28K to £35K

Leasing Accountant £21K to £25K

Our Client, a market leader within Vehicle Leasing operating throughout UK and Europe and located in the Northern Home Counties, has excellent career opportunities for two qualified Accountants.

The post of Operations Manager will suit an ACA or ACCA with more than five years managerial experience and a good technical knowledge of lease accounting, adminis-The post of Leasing Accountant will suit a younger ACA or

ACCA with experience of the equipment leasing industry. The Company is part of a large PLC, progressive in outlook and expanding rapidly. The positions call for flair and commitment and offer attractive packages which include a car and other generous benefits.

Send your CV in confidence, with details of your current salary package, to:

> FOUR S RECRUITMENT Employment and Personnel Consultancy 10 St Mary's Street, Bedford, MK42 0AS Telephone: 0234 272711

Helping you to achieve success...

Scientific Software-Intercomp, Inc. Advanced Technology for the **Petroleum Industry**

ACCOUNTANT/OFFICE MANAGER C.£20,000 + car + excellent benefits package

Scientific Software-Intercomp, Inc. is the world's leading provider of technical consulting and software development for the petroleum and pipeline industries. SSI is proud to include among our employees many of the petroleum and pipeline industries leading experts. We maintain offices in Calgary, Cairo, Denver, Houston and London.

SSI seeks to prevent an ACCOUNTANT/OFFICE MANAGER for our London office in Westminster. Reporting to the Managing Director, your responsibilities would be to provide corporate headquarters in Denver, Colorado, U.S.A. with timely and accurate accounting information by utilizing our computerised accounting system. We require an experienced accountant, however, paper qualifications are not necessary. Ability to supervise and lead a small administrative staff is also required. supervise and lead a small administrative staff is also required.

To apply, please send your C.V. to the Personnel Manager, Scientific Software-Intercomp (UK) Ltd., 5-8 The Sanctuary, London SWIP 3JS. Interviews will be conducted on August 7, 8 and 9. Your C.V. will receive prompt and confidential consideration.

Cranfield

FINANCIAL CONTROLLER

Cranfield institute of Technology is seeking to recruit a Financial Controller responsible for the budgetory control, accounting and monogenent information of the Cranfield Compus, which is the largest unit of the Institute. The Financial Centroller will have a start of 34 and will be responsible to the Director of Finance at the Milton Keyner headquarters. Cranfield Compus has a tumover in excess of \$35m.

of 535m.

The Institute wishes to achieve a high level of financial control and, for this challenging role, applicants must be qualified accountants who have attained management positions in industry or commerce. Alternatively, a management role in the accountancy profession may have provided appropriate experience, if is anticipated that this person will be heavily involved in the development of computer systems and would be expected to have a high level of insteast in the general advancement of technological development and education. Working with highly qualified colleagues, a confident and competent personally is essential.

GROUP MANAGEMENT ACCOUNTANT

Million Keynes C. £24,000 Cranfield institute of Technology requires a Group Management Accountant who will be responsible for the management accounting role within the institute which will include the consolidation of accounts for the institute and Companies, project approisal and Treasury Management. This position is assigned to the Institute Corporate Administration at Million Keynes and will report to the Otrector of Finance.

Applicants for the position should be qualified accountants and expected to have at least two years post-qualification experience.

Cronfield institute of Technology as a University has an international reputation in the UK and internationally in numerous areas of technological and management advancement. The institute curently operates at Cronfield and Sisce in Bedfordshire and at Shifvenham in Oxfordshire, Of the present tumover of £62m, some 85% is obtained from the provision of services to inclusity, commerce and Government departments. Substantial further growth is onlicipated.

Application forms and further details are available from: Mrs. Diche Purser, Personnel Assistant, Cranfield Institute of Technology, Telephone: Milton Keynes (0908) 672976,

Closing date: Friday 25th August 1969

Cranfield Institute of Technology

GROUP CHIEF **ACCOUNTANT** based at Heston, Middlesex up to £30,000 + car and benefits

A Chartered Accountant; aged 26 to 30, is required by a successful and expanding privately-owned group, with interests in the U.K. and U.S.A. - involving manufacturing, distribution and other services and investment - to manage the finance function at its headquarters in Heston, Middlesex, including company secretarial

The successful candidate is likely to have at least two to three years post-qualifying experience in a commercial environment, preparing management information, consolidated and other statutory accounts to tight deadlines on both computerised and manual systems. He can be a successful to the computerised and manual systems. and manual systems. He or she will also have a sound working knowledge of corporate taxation, will be able to advise on financial matters generally, and will be required to liaise with other accountants within the group.

Please apply with full c.v. and salary details to G. Scotton F.C.A., Group Treasurer, First Olympian Securities Ltd., Centre House, Victory Way, Heston, Middlesex, TW5 9NS

BAHAMAS

The Bahamas largest soft goods retailer (2! branches) plus three franchises from eminent UK retailers (13 shops) plus a Wendy's franchise, is owner-operated.

Expiration of contract creates availability for:

FINANCIAL CONTROLLER

Responsible for all financial affairs including preparation of accounts, information systems, budgeting etc.

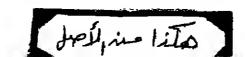
Preferred age 30-35, you must be professionally qualified and be fully conversant with Lotus 1-2-3. Preference given to those with in depth knowledge of computers.

Starting Salary US \$40,000 TAX FREE Plus year-end bonus

FRINGE BENEFITS: Round trip nirfare; relocation expenses; car; medical insurance; three weeks vacation.

Preference will be given to childless applicants.

Please write to Box A1300, Financial Times, One Southwark Bridge, Lundon SEI 9HL All replies regarded as absolutely confidential.



Michigan Market Company

GROUP FINANCIAL CONTROLLER

Exciting market-led manufacturing Group North Cheshire c£32,500 + bongs + car

This manufacturing and distribution Group (over £100m i/o) is now seeking a Group Financial Controller due to internal promotion. The company is developing a new culture with a clear mission and is headed by a new management team of talented young professionals determined to succeed. The company intends to pursue a dynamic policy of development and acquisition to meet the challenge of a fast-changing

Supporting the Group Finance Director, and working closely with the Chief Executive, you will play a key role in Group-wide planning and control - working capital management, strategic planning and forecasting, capex monitoring and all Group reporting. You will work closely with Financial Directors to improve systems, raise reporting standards and focus attention on key performance criteria. In 2/4 years, with success behind you, you can expect to move to a senior Financial Director appointment elsewhere in the Group.

Ideally, you will be in your early 30's, ACA, with line experience in industry or commerce. Personal skills of a very high order will complement your technical strengths.

Please apply to our Manchester office where your contact is Dudley Harrop. Ref MX123.

DOMINION MANAGEMENT

-LIMITED-

FINANCIAL CONTROLLER -

LONDON BASED

£30 - £40K + Company Car + BUPA

Aged 30 - 40, must be professionally qualified

Our client, a fast expanding Private Investment Holding Company, with 6 diversified trading companies in the group, requires a Financial

Reporting to the Chairman, the successful candidate will have responsibility for Group

Accounts, production of management information, budgets, etc.

Career expectation - Financial Director, short to

Interested applicants should write, with full CV to: Suite 25, Parkside, Knightsbridge, London SW1X 7JW.

FINANCIAL DIRECTOR

c£30,000 + Car + Benefits

Our client is a highly regarded and established company within the meat processing sector with sales in excess of £30 million.

Strategic plans to move the business forward and take full advantage of the development potential creates the opportunity to appoint an energetic and communically minded Financial Director (designate).

You will work alongside the Managing Director to ensure bottomline profitability, and also the effective management and development of financial systems to meet the needs of a rapidly

Probably in your 30s-40s, you must have a good accountancy background, excellent business accumen, and sound management marketing and communication skills, along with the ability to take a high profile and make a major impact on the business.

C.M. BASSETT, PLUMMER PARSONS,

CHARTERED ACCOUNTANTS, 18 HYDE GARDENS, EASTBOURNE, EAST SUSSEX BN21 4PT

COMPANY ACCOUNTANT

Donnay U.K. Ltd the UK distributor for one of the World's leading

sporting goods manufacturers seek a company accountant to be responsible for their complete finance function.

Reporting to the Managing Director the position encompasses control of statutory and management accounts, credit control and treasury functions as well as a full range of general administrative

responsibilities.

The ideal candidate whilst not necessarily fully qualified, will have made some progression towards a recognised accounting qualification.

If you are a capable ambitious professional, perhaps looking for your first opportunity to prove your worth at this level and feel you are up to the challenges involved please send details of your career to date under confidential cover to:

H.N.B. Heywood, Managing Director, Donney U.K. Ltd, Unit 2, Wessex Park Estate, Wessex Read, Bourse End, Backs. SLS 5DT

FINANCIAL MANAGER – EUROPE

£31,000-£37,500 plus Travel Allowance, Other Benefits

Disney Animation Studios (U.K.) Limited is socking a talented Manager to oversee its business operations in London and Paris. Principal responsibilities include providing specialised financial management and general business support to senior creative and operations suff in Europe.

Specific during a real connection sensors accounting financial

ATTRACTIVE SALARY

+ CAR + BENEFITS

Please send a comprehensive CV in confidence to:

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(designate)

Eastbourne

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FINANCIAL TIMES

Divisional Finance Director

Docklands, London E14

£32K + Significant Bns. + Car

1989 saw an increase in profitability of 72% for this pre-eminent international property plc. With a turnover now approaching £100 million, the Group is well placed to capitalise on its penetration into the commercial property sector. As an integral part of its strategic planning, the Group is seeking to recruit a Financial Director,

for its commercial property division. Reporting directly to the divisional Managing Director and Group Finance Director, but above all working as part of a talented management team, you will be responsible for developing the finance function in order to meet the increasing demands of the business. In addition you will utilise your commercial property experience in order to manage projects and control the financial

planning of developments. Naturally this will involve the provision of accurate management information in line with the Group's high standards of reporting.

The successful candidate will be a qualified accountant probably in their 30's with a proven track record, preferably involving significant commercial property experience. In addition candidates must be professional, committed and have the credibility to liaise effectively at board level, both within and outside the company.

Please write enclosing a full curriculum vitae and daytime telephone number to David Head. Michael Page Finance, 39-41 Parker Street, London WC2B 5LH, quoting ref. DH/FTI.

Michael Page Finance

ENGINEERING AND ENVIRONMENT DIVISION

Nelson, Mid Glamorgan (12 miles north of Cardiff)

£24,750 – £29,000 + Benefits (including car)

experience in business management systems.

Welsh Water - E & E Division

Full C.V.'s should be sent to: Mr J. D. Williams

Nelson, Mid Glamorgan

Personnel Manager

Pentwyn Road

CF46 6LY

Financial Controller

internal and external clients a full service for the feasibility, design and

construction of new works for water supply, sewerage, sewage treatment and

are offered an environmental consultancy service, staffed by scientists highly

and business management experience which should include considerable

has direct line responsibility to the Suhsidiary's Managing Director.

disposal, land drainage and flood defence. As an integral part of the service, clients

experienced in environmental quality assessment, together with a comprehensive chemical and micro-biological analytical service. It is intended to actively expand

This is a challenging and interesting post demanding a high degree of financial

The post heads up a small team of accountancy and clerical support staff and

Welsh Water, following Privatisation, will be involved in major new initiatives which will include the creation of an Engineering and Environment Subsidiary.

Presently operating as a Division of Welsh Water, the consultancy offers both

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FINANCE MANAGER

High-Tech Service Industry

London WC1

c.£35,000 + bonus + car

The new general manager of this small, high-tech subsidiary of a large PLC has a brief to expand it into a very much greater, more profitable business. He plans to do this by approaching the market more aggressively, increasing the geographical area covered, and by insistence upon quality throughout the company. A very commercially aware finance manager is required to join the senior management team in directing the growth of the operation.

business problems.

appreciate the difference between a score-keeper and a finance manager. They will have strong analytical and communication skills, sharpened by several years in a commercial husiness environment. They must also possess the drive to succeed in a company whose target is a ten-fold increase in sales over the

Thavies Inn House, 3/4 Holborn Circus, London ECIN 2HR, Telephone: 01-353 7361.

WE WON'T KEEP OUR **MEMBERS WAITING**

e og det fre skrivetigenen egte for at der byte gette fille sin

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be rise, fall and resur-gence of the super-computer maker, FPS Computing, formerly Floating Point Systems, of Beaverton, Oregon, is an object lesson for anyone seeking to understand the forces at play

in the computer industry.

With new senior managers in place, it is losing only about \$1m (£604,000) a quarter, a significant improvement over the \$7m bleeding away each quarter a year ago. It has a raft of new products either launched or in the pipeline which should restore profitability. Its customers and bankers are supporting its fight to survive. If it could turn goodwill into casb, its problems would be

But goodwill alone will not get it out of danger and its troubles over the past few years illustrate the way that changes now rippling through the computer industry can wreak bavoc in apparently sound companies. These trends

• The emergence of microprocessor chips so powerful that they compress on a sliver of silicon most of the circuitry of a full-scale computer - at a fraction of the cost. The computational capabilities which were the secret of Floating Point System's earlier success can now be had as off-the-shelf

chips.

The move away from proprietary computer designs and operating software towards industry standard systems. especially Unix, the AT&T

operating system.

The fragmentation of traditionally homogeneous markets with recognised leaders into a series of niche markets each

Caught in the vortex of relentless change

Alan Cane describes the forces which brought a US computer company close to disaster

intense competition.
Floating Point Systems was wrong-footed on each count.

Founded in 1970 and one of the best known of US computer manufacturers, it claims to have more high performance computer equipment installed than any other maker. It made its name as the pioneer of attached processors and mini-supercomputers, machines offering a significant propor-tion of the power of a super-computer at a fraction of the

There is no substitute for a full-scale supercomputer of the kind built by Cray Research for substantial calculations of the kind typical of oil explora-tion or meteorological research. But many companies which could make occasional use of the power of a super-

computer cannot justify, or afford, the \$20m or so price tag which a Cray commands.

For those companies, Floating Point Systems (FPS) pioneered the "attached array processor" basically a black box cessor", basically a black box for doing calculations at high speed that can be bolted on to a mainframe computer to give it the accuracy (15 decimal places rather than the two common in commercial

with its own leader, creating intense competition.

The competition intense competition intense competition.

The competition intense computer include the world's three largest computer intense computer. companies, International Busi-ness Machines, Digital Equipment and Unisys, which endorse its products and mar-

ket them with their own.
Its present troubles, however, began with the decision in 1986 to build an advanced "massively parallel" minisu-percomputer based on the tran-sputer, the revolutionary

Inmos microprocessor.

The concept was right; the implementation wrong. Massively parallel systems, involving tens, perhaps hundreds or thousands of co-operating microprocessors, will undoubt-edly be the supercomputer technology of the future, but FPS was too early and too idlosyncratic. The hardware was proprietary. The only software available for the machine was Inmos's "Occam" language, alien and strange to most of FPS's customers.

And the "hypercube", as it was called, was never finished. When Howard Thrailkill took over as president and chief executive officer last year, the company reckoned it needed to invest a further \$15m to \$20m in development; the cash posi-tion demanded that the project

be killed off.
It meant that FPS was left without up-to-date products at a time when a host of start-up companies were beginning to attack the minisupercomputer market with cost-effective systems based on industry standard components and the Unix operating system.

The homogeneous supercomputer market had begun to fragment. Donald McDougall, FPS vice president for marketing, appointed with Thrailkill, says there are now six niche markets in the supercomputing arena segmented by price: the national market, dominated by Cray and involving machines costing \$20m; the corporate market, served by IBM mainmarket, served by IBM mam-frames with a vector process-ing facility attached (about \$2m); the mid-range, FPS niche, divided into departmen-tal supercomputers (up to \$750,000), project supercompu-ters at (\$150,000), dedicated supercomputers (\$50,000). Relow that there are personal Below that there are personal supercomputers, an emerging market based on Risc (redoced

instruction set computing)

chips of the power of Intel's new 860 (\$10,000). FPS found its mid-range domination under attack from new and aggressive companies

FPS Computing

Howard Thraikill President and Chief Executive Office

like Convex and Alliant, Its cash position was weak. Expenses had been allowed to grow unchecked, overheads were out of control and the then top management, more interested in technology than in business, was placing too lit-tle emphasis on collecting

Revenues and pretax profits collapsed. In 1985, the company had turned over more than \$120m with profits of \$20m. By 1987, revenues were down to \$70m and there were losses of almost \$30m.

On top of that, the Inland Revenue Service was claiming substantial unpaid tax, and dissatisfied shareholders started an action against the compa-

Pre-tax profit (loss) -40

1980 82 84 86 88



Donald McDougal

It was clear that new man-

corrected hy careful house-

The tax claim, McDougali says, is all but settled; FPS

agement was needed and Thrailkill, formerly with Har-ris and Motorola, and McDougall, formerly with Data General, were brought in by the board to lead the effort to turn the company round. The financial weakness was

keeping. There was a clamp-down on expenses. Money owing to the company was col-lected when it fell due. Super-fluous inventory was sold off. In a year, the net cash position grew from \$7m to \$23m. There is no long-term debt and the company's bankers are providing the short-term credit neces-sary to keep it in husiness.

paid out \$3m and received \$3.4m in refunds.

Product weekness had to be solved more drastically. A year ago the company bought Celer-ity Computing, a start-up mini-supercomputer manufacturer with products based on the open systems and standards-that FPS had earlier failed to exploit. The \$2m price was paid exploit. The \$2m price was paid in stock and Celerity gained access to FPS's world-wide

Signaturals sales The first fruit of the union. the Model 500 stand-alone mini-supercomputer, designed for large scientific and technical tasks, won \$10m of sales between its launch in November 1988 and March 1989. According to the US journal. Digital Review: "The results

the Model 500 achieved on our CPU2 benchmark suite, which measures a system's performance when running scientific and technical applications, were excellent. When using its vector processor, it outperformed all other systems we have tested."

FINANCIAL TIMES THURSDAY AUGUST 3 1989

formed all other systems we have tested.

Thratikill and McDougall further secured an OEM (original equipment manufactures) deal with Stellar Computer. It company specialising in visual isation, the representation of processes on computer screens. Visualisation is generally seen as the next advance in supercomputing.

as the next advance in supercomputing.

Other companies with which
FPS has formed synergistic
partnerships include Bipolar
integrated Technology (BIT)
for mathematics chips, UltraNetwork Technology for
high-speed connectivity and
Template Graphics for
three-dimeasional graphics
software.

FPS's recovery has, therefore, been the result of a judicious mix of tough financial
management and deals giving

management and deals giving the company fast access to the most effective forms of super-

computing technology.

It remains to be seen whether the company can recover its leading position in the minisupercomputer industry. But the array processing technology it pioneered still takes some beating. Last week, it announced a new version of its original array processor implemented in the latest techmology. It provides four times the computing power of the original system. The first sys-tem has been bought by British Aerospece, at Hatfield, which will use it to simulate the view from an aircraft cockpit.

When the lightest of gases becomes a dark, superconducting metal stable enough to last for reasonable

Scientists in the US have succeeded in putting hydrogen, the lightest of gases, under so much pressure that it behaves like

Calculations show that metallic hydrogen is likely to behave as a "warm superconductor", losing its electrical resistance at a higher temperature than any of the exotic new ceramic superconductors which have caused so much excite-

ment over the past three years. The latest progress in compress-ing hydrogen is expected to advance scientific understanding of the way atoms hond together in all materials. In the long term, metal-lic hydrogen could have practical applications not only as a high temperature superconductor but possi-bly as a fuel for nuclear fusion Russell Hemley and Ho-Kwang Mao, of the Carnegie Institute in

the two physicists observed the hydrogen changing from a clear solid to what seemed to be a dark metal, as the pressure rose above 2m atmospheres. By this stage it was 10 times denser than solid

Mao, of the Carnegie Institute in Washington, have squeezed hydrogen at 2.5m atmospheres – higher than the pressure at the centre of the Earth – between two tiny anvils made of diamond and cooled by liquid nitrogen.

Using the diamonds as windows, the two physiciets observed the

hydrogen at atmospheric pressure

– a change equivalent to squeezing
lce until it became as dense as lead. The physicists say that, although their observations strongly suggest that the hydrogen became metallic,

Free Pic

they do not yet have conclusive proof. This would require a direct measurement of electrical conductivity, which cannot be carried out on the small amounts of hydrogen (a few cubic microns) trapped in their diamond cell – the tiny elec-trical connections would simply break. Compressing larger quantities is beyond present experimental capabilities.

But a group of theoretical physicists led by Marvin Cohen at the University of California, Berkeley, have produced detailed calculations, published in Nature today, of the electrical properties of metallic hydrogen. They show that, under a pressure of 4m atmospheres, lt could lose all electrical resistance and become superconducting at minus 40 deg C. That is about 100

deg C warmer than the current record holder for high temperature superconductivity, a ceramic metal oxide. Indeed the Berkeley calcula-tions show that metallic hydrogen could conceivably remain a superconductor when heated to room temperature.
It may take several years to con-

firm these predictions, let alone put the results to practical use. The first step (being pursued not only at Carnegie hut also at Harvard University and the Lawrence Liver-more Laboratory in the US) is to huild larger diamond cells with electrical leads capable of withstanding such immense pressures.

It will then be possible to analyse the precise structure and properties of metallic hydrogen; and the

results will be important for sev-

eral scientific fields. Astrophysicists want to know how hydrogen hehaves under extreme pressure because it is by far the most abundant element in the universe. Many astronomical bodies, including the planets Jupi-ter and Saturn, are believed to have cores of solid hydrogen, which determine their electrical and mag-

At a more theoretical level, hydrogen has a fundamental impor-tance for physicists. It is the simpl-est of all chemical elements — consisting of just one proton and one electron - and the way in which it behaves under different conditions gives valuable clues about the behaviour of more complex systems. This is certainly true of superconductivity; even if metallic

hydrogen fails to become a practihydrogen falls to become a practical superconductor, knowledge of its electrical properties should lead to a better understanding of other high temperature superconductors.

Production of metallic hydrogen for practical applications will not be possible until well into the next century, if ever. Even if the technology is developed to compress nology is developed to compress sufficiently large amounts of hydrogen, there remains the prob-lem that metallic hydrogen would be highly unstable. As soon as the pressure was released it would turn

into gas.

Russell Hemley says that it might be possible to stabilise metallic hydrogen by "alloying" it in some way with a conventional metal or a halogen element.

If metallic hydrogen can be made

could eventually turn out to be a means of storing large amounts of energy in very compact form. The energy could be released in a chem-ical reaction by burning the hydro-gen in oxygen, for example in a rocket engine, or – just possibly – in a nuclear fusion reaction using metallic deuterium as the fuel. That may be a challenge for the future But, as Nell Ashcroft of Cor-nell University's Laboratory of Atomic and Solid State Physics

points out, producing metallic

hydrogen and understanding super-

conductivity are two of the key problems in physics today.

periods under moderate pressure, it could eventually turn out to be a

Clive Cookson

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Deborah Findlay and Carla Mendonça

As You Like It

ROSE THEATRE, OXFORD

I arrived late at the Rose Theatre, an adjunct to the Newman Rooms with their bookshop and cafe, opposite Lewis Carroll's Christ Church and near the shop whose assistant turned into a sheep in Through the Looking Glass. Wondrous things still occur in Oxford: the Oxford Stage Company still performs despite the closure of the Playhouse and turns its makeshift accommodation to advantage with a thrust stage surrounded on three sides by seating, the back section raised, to give the feeling of an Elizabethan theatre.

As You Like It will be joined by King Lear for an extensive national tour. After a slow start John Retallack's produc-tion casts a spell. The Forest of

Arden, after all, works as much magic on those who enter it as any Athenian wood. Athens, as it happens, may not be too distant, for this is a Balkan Arden. The court ladies wear hipless, unwaisted gowns and court shoes of the 1920s or 1930s. The exited Duke's reti-nue sport the odd feather, east-ern European style, in their trilbies. This is the Europe of the dictators and exile and benishment on the whim of a tyrant make sense. The disguised Rosalind dons

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CLUES .

10.00

basey knee-breeches and a waistcoat, Cella a peasant headscarf. Howard Goodall's considerable musical contribution touches on Zorba territory with the wedding song and dance. Throughout the haunting minor-key plaintiveness looks sastwards, notably in "Under the greenwood tree," a lifting waitz, and "Blow, blow, thou winter wind," the faintly wild melancholy streak of its zither accompaniment augmented, as in all the songs, by the company lined upstage with guitars, castanets, drum and vocals. Lovely, though it sometimes slows the action down, and more successful than the overtly cheerful "Lover and his lass" with its

awkward melodic shape. Phil Swift has designed "melancholy boughs" indeed for Arden: tall poles topped by what seem to be mangy umbrellas, ragged fronds on spokes. They form a setting for an unusually serious Rosalind. Deborah Findlay. A slightly

ferrety and grim Ganymede, she is eminently practical ("Men have died from time to time and worms have eaten them, hut not for love" is just the sort of thing she would say seriously - most Rosalinds are dying to be contradicted). She scores in her frantic cross-examination of Cella, and staggers dizzly when Orlando calls her "pretty youth," but we miss the breathless, tremulous laughter of incredulous first love that the Renaissance Com-pany managed so memorably. This Rosalind is in love in dead earnest, so intensely as to be

painful.
Celia is Carla Mendonça,
unrecognisably better than at
our last Shakespearian encounter, Twelfth Night in Oldham,
good-natured common sense
personified, Most of the perforpersonned, Most of the performances will doubtless ripen and deepen. At the moment Michael Roberts' bearded Jaques, a dispossessed rabhl in his dark suit and hat and wire-rimmed glasses, amiably spreads the teaching in All the world's a stage," benign rather than sardonic throughout, and whose polite retirement from the world comes as a puzzle.

John Kazek's Orlando is

promising. He could be over-shadowed by his elder brother whom Oliver Kunz invests with great style and authority. As Silvius, Raymond Greena-way reveals the most expressively thespian feet I have ever seen, distorted with mortifica-tion and hearthreak. It's good to know that Matilda Zieglet, a very positive Phebe who avoids all the corny traps, is to be Cordelfa in Lear. Every masterpiece glints

from some new facet in each performance. Here one detects Green, certainly ecological, elements (that sobbing deer, hunted in its own home). Above all, it's a play of civi-lised and civilising kindness, as in the welcome offered to the desperate Orlando at the Duke's table; and the Duke's loving sigh (invested by Stuart Richman with the warmth of the last words of a fairy-tale) to his dear niece and daughter. How fitting he should take up his fiddle and join the rest in the final music-making.

Martin Hovle

CINEMA

Dangerous journeys

From The Ten Com-mandments to The Grapes To Wrath, from Lost Horizons to Aguirre Wrath Of God, few spectacles are more stirring than that of a band of adventurers backing their way towards a land of milk and honey. In any movie about promised lands, we are ensured one or more of the folsource of the or more of the for-lowing. An ever-changing land-scape; a group of ill-matched travellers united by a common dream; a story pulling us like a magnet towards a clearly

defined goal or pole. But some magnets have more pulling power than oth-ers. The Land Before Time and El Darado offer the worst and best in promised land movies. One is an animation feature about dinosaurs by Don Bluth (of An American Tail). In the other, Spanish film-maker Car-los Saura revisits Herzog-land in the story of mad Aguirre and his quest for a city of gold in the jungle.

One emotion such films should never provoke in an audience is "For God's sake let's get to this promised land and stop dawdling about." The Land Before Time is a mere 69 minutes long but feels like a week's holiday at Gatwick air-port. As Bluth's lolloping dinosaur family head for the promised greenery of the Great Valley – through mighty earthquakes, scorched deserts, pterodsctyl encounters and sudden death (that of mother) they are accompanied by celestial choirs on the soundtrack and sentimental artwork

on the screen. There are little baby pterodactyls who fight over cher-ries. There are wee baby dinosaurs who hatch out on screen with long eyelashes and koochy-koo expressions. And when Ma Dinosaur passes on, the youngsters fill the screen with hig globular tears.

This Bone Age Bambi comes from the Spielberg stable and herrors the worst influences of

betrays the worst influences of Mr S's lately-developed taste for schmaltz. Scene after scene THE LAND BEFORE TIME

> **EL DORADO** Carlos Saura

THE RETURN OF THE **MUSKETEERS** Richard Lester

> SPLENDOUR Ettore Scola

DANNY THE CHAMPION OF THE WORLD Gavin Millar

WHAT HAVE I DONE TO DESERVE THIS? Petro Almodovar

pleads with you to deploy your kleenexes. But the only tears audiences are likely to shed are at the sight of much qual-ity animation — Don Bluth swishes a noble brush whenever it comes to towering crags or skies ablaze with spitting lava – put to the service of a pathetic plot. El Dorado makes no attempt

to raid our tear-ducts. Indeed Saura's film almost wears a sign: "History in the making. No sobs, sniffles or superfluous emotions, please." As if schooled hy the mute expressionism of his dance films — Blood Wedding, Carmen — the Spanish film-maker turns the conquistadors' search for a lost conquistadors' search for a lost city into a ballet of conspiracy and madness. Leaders are usurpsd or murdered; Indian has his body painted gold beside a darkling river: Tristan And Isolde's anguished chords haunt the soundtrack; blowpipe darts whistle out of the darkness; cannibals pass their hands over a Catholic effigy of Christ as if testing the flesh for a barbecue.

Preceded to the story hy Werner Herzog, Saura must have felt like Scott padding in

the snowprints of Amundsen But El Dorado soon pitches the flag of its own personality. Where Aguirre, Wrath Of God was a paean to divine madness filmed in high-noon colours with Klaus Kinski as a death's-head Messiah supervising an army's self-destruction - Saura's movie is subtler, darker, more Machiavellian: a revenge drama put onto film

and pushed towards poetry.
As self-preservation becomes a licence to murder, the story grows darkly drunk on its macabre moral freedom. A journey that has no end ("El Dorado is further" is the recuring chant of the Indian guide) gradually loses sense of place and time. And in this dark and trackless wilderness, no God can see man's crimes. A wonderful grave lunacy worms forth in scenes like the murder of the troop's leader Lambert Wilson, stabbed to death by co-ordinated knives à la Mur-der On The Orient Express.

Nowhere is the difference between Saura and Herzog more marked than in the treatment of the story's (anti)hero. Where Kinski's Aguirre was a lordly, capering human gargoyle, Omero Antonutti (of Padre Padrone) plays him as a human shell-creeture. Againg human sbell-cresture. Ageing and embittered, he is cloaked in an introspection that makes him forlornly credible even as he murders his way to a vain omnipotence.

In popular cinema, old actors never die; they merely stand by the roadside hailing passing sequels. In The Return Of The Three Musketeers Oliver Reed, Michael York, Richard Chamberiain and Frank Finlay have waved down director Richard Lester, who made the first two musketeer movies. Or did he wave them down? Either way, attempting to validate their repetitiveness by holding Dumas's own sequel in our faces - Twenty Years After the "One for all, all for one" gang ride again in the general direction of distressed damsels and endangered monarchs.



Lambert Wilson in 'El Dorado'

They even try to save our own King Charles (Bill Paterson) from the hlock, but realise their failure when blood drips into their wine as they hide under the platform waiting to

pounce. The plot is confused — thanks to both Dumas and screenwriter George Macdonald Fraser - and the actors are upstaged by their horses. (Was there ever so much galloping around to so little purpose?) But who can fail to delight in Lester's comic grace-notes? As in the early films, the background is busy with a daft period authenticity or pseudo-authenticity. Seventeenth century games of golf and cricket; inns abounding with succulent food and detail:

with succident food and detail:
and Queen Geraldine Chaplin
discovered, in one gloriously
betty cameo, "goat-karting"
around the palace grounds.

Modern Italian cinema's
favourite old goat — and I
mean no disrespect — is Marcello Mastrolanni No film of cello Mastrolanni. No film of wistful priapism or nostalgic romance is complete without Signor M. Indeed Ettore Scola's Splendour, a rueful comedy of time and movies, is pretty rick-ety even with him. As the small-town cinema owner buffeted by changing decades, Mastroianni has wife Marina

Vlady to comfort him (resembling Zsa Zsa Gabor with extra sponge-filling) and young projectionist/protege Massimo Tro-isi to befriend him and assure him that cinema's magic will

never die. To prove this point, Scola's film batters us with classic movie excerpts. It is like being ambushed in a movie vault by a mad cinephile: "Here's a bit of Citizen Kane – this is Stage-coach – anyone for Mr Deeds? - how about a few yards of Rossellini and De Sica?". But there is much wit and some wisdom along the way. And the final scene of snow falling through the cinema's sliding roof like a blessing on the audience below - they are gathered for the condemned cinema's "last picture show" -has a real, breath-catching beauty.

Children of all ages – that bizarre anthropological group-ing unique to movie promotion - will probably enjoy Danny The Champion Of The World. In rolling Chilterns scenery. garage-owner and part-tims poacher Jeremy Irons squares up to country squire and full-time spiv Rohhie Coltrane in a merry tale of land-grabbing, rural politics and drugged pheasants. Time:

ALBERT HALL/RADIO 3 There is something deeply satisfying about the mature music of Witold Lutoslawski.

His newest offering, the Piano

Concerto (1988), received its British premiere at the Proms

on Tuesday night - the BBC Symphony Orchestra was con-ducted by the composer him-

self, and Krystian Zimerman,

for whom it was originally written, was the pianist.

work - s four-movement sequence (played without

panse) expertly fashioned, beautifully heard for the solo

instrument, a finespun tissue

of instantly appealing sounds.

it is also an argument of high sophistication. But, in what may be called the septuagenar-ian composer's "final period"

manner, the reconciliation of elements forward-looking and

accessibls is now so easily

achieved that at first hearing

one may be tempted to under-rate the work's strengths.

Lutoslawski is himself a pia-nist, who first formed the idea

of a concerto (never realized)

more than 50 years ago. A par-ticularly striking first impres-sion is left by the work's sense of kinship with those late-Ro-mantic and early-modern con-certos to which the young

Lutoslswski must have been specially drawn - by Ravel, Bartok, even (in some of the

bigger gestures) Rakhmaninov. It was a useful notion of con-

cert planning to open with Ravel's *Tombeau de Couperin* (conducted by Andrew Davis),

since that work settled the lis-tener into exactly the right frame of mind for Lutoslaws-

It is a wonderfully beguiling

Lutoslawski

A jocund cast of veterans rallies round (Llonel Jeffrles, Michael Hordern, Cyril

Cusack) and they are matched by Irons's son Sam. Playing Irons's son, he has a perky. quirky screen presence and notches up a claim to be the most promising Britisb child actor around. Though co-produced by the Children's Film Foundation — once a byword for cheestring present into the children's film of the cheestring present in the children's film of the cheestring present in the children in the chil for shoestring yarns filmed like inept home movies - Danny is a charmer, Gavin Millar directs, from Roald Dahl's original story.

What Have I Done To

Deserve This? is an early film by Spain's Pedro Almodovar, late of Women On The Verge Of A Nervous Breakdown. The apprentice film-maker can be seen at work here, polishing the maturer madness to come. Featured in this comedy of family life are a constant. family life are a sex-starved housewifs (Carmen Maura), her two teenage sons (one a drug-dealer, the other a male prostitute), her lizard-keeping mother and minor characters who bat in and out, involved in sex, murder or the forging of Hitler's diaries. The film is msnic and (occasionally)

Nigel Andrews

ity and virtuosity provided

much specific inspiration. All the way through, the pianist explores the role initially outlined, that of the dreamy-minded nature poet who can also be a waywardly independent provoker of discourse. The preludial nature of the

The preludial nature of the

first movement means that the

weight lies in the centre - a scherzando volley for con-

trasted forces leading into a

A Slice of Saturday Night

"A New 60's Musical" by the

time, ten years ago, Big Sin-City, turns out to be a jovial pop styles and mannerisms very loosely presented at a Sat-urday night hop "in and around the Club A Go-Go,

The boys and girls aim to be cool, fab and trendy and a bet is laid that one of the chaps will not have his "whatsit" touched before the evening is out. As a plotline this is even less developed than it was in the source of the wheeze, the wonderful Mickey Rourke teen dream film Diner.

The joy resides in the musical evocations. The Saturday chat of yackety-yak is the bluesy rock idiom of Lieber and Stoller, songwriters to Elvis. But the prevailing tone is of a popular song culture modified and changed forever by the Beatlss. Keith Hayman's musical direction at the synthesized keyboards explores the lyrical potential of rising thirds, raw vocals harmonised against twangy guitars, the sly appropriations of the beat of rhythm and blues.

The sounds of Motown figfour Heather brothers – three of whom were responsible for one of the werst musicals of all Spector, the seductive wall of The Supremes. Here are the driving under-rhythms of the Rolling Stones and their insolently swishing tambourine. And here the direct, affectionate parodies of Sonny and Cher's "I Got You Babe" and the Animals' "House of the Rising Sun."

While the kids bop and

shimmy to the Heather Boys' clever approximations, the ruling spirit, the club manager, Eric "Rubber Legs" De Vene (played with exhibarating insinnation and a sphinx-like, intimidating leer by Binky Baker), raises a cheer for the rocker who will outstay the lot - Cliff Richard. Cliff with the whiff and his four lads, "the Shads." Mark Urquhart's production is pacify arranged on Gillian Daniell's simple set of brick wall club with inset loo and sitting ont area. When the music stops, the atmosphere is of a Willy Russell play (Stags and Hens) without the precise observation and location. The show is fun, but slight, with notable contributions from Lisa Hollander, David Easter and, especially, James Powell



Mitch Johnston, Claire Parker and Lisa Hollander

as a leather-capped Mickey Dolenz lookalike; which reminds you that the Monkees were yet another synthetic response to the Beatles. The book is non-existent, the

musical mores admirable, the true spark of creativity lacking. There are no songs that rival the original classics. And, to quibble with one sequence, Desmond Morris and his "body

language" were not street currency until the end of the decade when the zoologist published The Naked Ape. But you sense a keener yearning for the 1960s than was prompted by Grease or Leave Him To Heaven; much more yacketyvak than yuckety-yuk.

Michael Coveney

July 28-August 3

images are part of a massive ret-rospective of the 150 years of photography, here represented by Alfred Stieglitz, Walker Evans, Laszlo Moholy-Nagy among dozens of others. Ends Ang 13. National Gallery. The first exhibit of the complete set of Mary Cassatt's colour prints

includes familiar images of mothers and children from the American impressionist's ceuvre. Ends Aug 27.

Chicago

Art Institute. Two years after his death, Andy Warhol contin-ues to make news with his new diary; even his work retains sur-prising freshness amid the vari-ety that extends far beyond familiar images like his Marilyn Monroe and Campbell Soup tins. Ends Aug 18.

Tokyo

National Museum. Heijokyo Exhibition. Important archaeological finds excavated in the past 30 years in Nara, where Japan's capital and imperial palace were located in the eighth century. Closed Mondays. National Museum of Modern Art. Art of the Showa Era. Paintings, sculpture, prints and photos by Japanese artists, all executed during the reign of the late Showa Emperor (1926-1969). Closed Mondays. Suntory Museum. Edo Glassware. Over 120 glass objects from the Edo period (mid 17th-mid 19th century), including glass-ware imported from Europe as

well as examples by Japanese craftsmen. Closed Mondays.

ki's opening exchanges - al fresco woodwind twitters answered by musing piano flut-terings, elegantly Ravellian in mood and texture.

It is equally clear that Zimer-man's combination of sensitiv-

Bartokian slow reverie, Where Lutoslawski's newly-found interest in reviving "tradi-tional" devices of harmony and melody can be most readily appreciated.

Perhaps the most obviously masterly device of the concerto is the Britten-like use of a chaconne structure to build up the dramatic impetus of the finale. Unlike in Britten's concertos, though, the pianist seems it's a fascinating and sophisti-cated illusion — to pursue a path independent of the orchestral groundplan, so that the final bringing-together of previously disparate forces affords a final dramatic frisson that is well earned.

In one sense, the concerto is not strikingly new: people who can enjoy Ravel, Bartok, and Messiaen sbould easily keep pace with its language and substance and while the "mod-ernist" Lutoslawski of the freely notated scores may been through in some of the instrumental commentary, the com-poser's self-simplification processes bave been stringently applied. In another, though, its familiarity is marvellously deceptive. Much more will emerge from those future performances to which one can be applied to the control of confidently look forward. This is a work destined. I feel sure. for wide circulation.

Max Loppert

OBITUARY

John Ogdon John Ogdon, who died on Tuesday at the age of 52, was ing with Vladimir Ashkenazy

probably the most important British pianist to emerge in the postwar period, and certainly one of the most naturally and abundantly gifted musicians this country produced in the 20th century. He studied at the (then)

Royal Manchester College of Music with Iso Elinson, but while there he also formed links with the so-called "Manchester School" of composers
- Maxwell Davies, Birtwistle, Goehr - and, as well as giving many performances of their works, also produced several of his own.

It was, however, as a pianist of the virtuoso Romantic reper-tory that Ogdon made his name (he first appeared at the Proms, in 1958, playing the mammoth Busoni Piano Concerto). He became internationally famous in 1962 after shar-

the first prize of the Moscow Chaikovsky Competition; a busy concert and recording career followed, and Ogdon's omnivorous tastes and leonine technique were widely demonstrated

Grsdually, however, the bouts of mental illness with which he struggled became more frequent, and eventually Ogdon underwent prolonged periods of hospitalisation and psychiatric care. In receot years he was at last able to return to public concert-giving: he became the subject of television and written biographies, including one of the latter by his wife, Brenda Lucas, with whom he had often given twopiano or four-band performances in the earlier part of his career.

Max Loppert

ARTS GUIDE

EXHIBITIONS London

The National Gallery. The Artist's Eye – this year it is abstract painter Bridget Riley's turn to take her pick of the colthere is the part of the collections. Daily until August 31.
The Whitechapel Gallery. Enan Uglow — a retrospective of the paintings of the nucle by a painter who is at once the most severely objective and the most seductive of our painters of the figure. Until September 3; closed Mondays. The Hayward Gallery. Art in

Latin America — a rich and fascinating survey of the paint-ing and sculpture that has come out of Central and South America since the early 19th century, which is roughly the period of the achievement of independence from the Spanish and Portuguese colonial empires. Daily until

August 6. The Royal Academy: The 221st Summer Exhibition of the Royal Academy - the usual gigantic and enjoyable free-for-all of painting, sculpture, print and architecture with nearly 1,200 works on show. Daily until August 20. Paris

The Louvre. The glass pyramid, built by I.M. Pel, the Sino-Ameri-can architect, has opened to the public as a dramatic entrance to one of the world's most famous museums. Open Sam-form, Mon and Wed until 3.45gm, closed Tue.

The Lauvee. Les donateurs du

Louvre. Aptly, the newly refur-hished museum inaugurates the 1,200 square metres of space cre-

exhibitions by expressing grati-tude for the generosity of donors throughout its existence. 10pm, all days except Tuesdays. Ends August 21. Entry through the Pyramid, Hall Napoleon, Niveau

Bibliothèque Nationale. 1789 Le Patrimoine libéré. Rather than inheritence liberated, words like confiscation and plunder would describe more accurately the manner in which the 260 treasures, chosen from hundreds of thousands of documents. or mousands or documents, reached the Bibliothèque Nation-ale from churches and palaces during the revolutionary years. 52 rue de Richelieu. Ends Sept

10. Centre Georges Pompidou and La Grande Halle de la Villette. A mammoth exhibition — Les Magiciens de la Terre — is ambi-tiously subtitled the First World Exhibition of Contemporary Art. Even the western artists were chosen according to their rela-tionship with the Third World. Centre Georges Pompidou (42771233) and Grande Halle de la Villette, 211 Ave Jean-Jaures, Metro Porte-de-Pantin (42497722). Both exhibitions closed Tue and

end August 14. Martigny

Fondation Gianadda. A Henry Moore retrospective of soms 50 in rotation and 60 engravings is as impressive by the judicious selection of exhibits, as by the exceptional location for 12 of the monumental statues in a park with Alpine peaks as a backdrop, Ends Nov 19

Brusseis Centre Culturel le Botanique. A sense of catastrophe – art in the 1980s shows works of Ameri-can and European artists, Closed Monday ends August 13.

Amsterdam Historical Museum

A selection of 70 design drawings from the private collection of art dealer Lodewijk Houthakker. Ends 17 September. Frankfurt

Schirn, Kunsthalle, Am Römer-berg 6a. A Wassily Kadinsky retrospective (1866-1944). Wassily Kadinsky, initiator and founder of the famous Blue Horse style also created a new form of abstract painting. Ends Aug 20.

Kunsthalle am August-Macke-Platz, Hochstadenring 22.Cen-tres, Residences and Metropolis in German History. This interest ing exhibition, organised by Bodo-Michael Baumunk, has about 1,500 pieces on loan from private collections and museums. Ends August 20.

The Kremlin Gold. The exhibi-tion is jointly organised by the Bremen Uebersee Museum and the Moscow Rremlin Museum. This presentation of around 80 pieces of Russian goldsmith's art covers the early Byzantine period through to the beginning of the 20th century. Bremen Ueb-ersee Museum, Bahnhofsplatz 13. Ends August 13.

Galerie im Heiligenkrauzerhof

has a selection of watercolours and other paintings by Gustav Klimt, the turn of the century Austrian artist who helped to stake the artistic establishmen out of its lethargy. Until August

The Benedictine Monastery in Melk, an hour's drive from Vienna, celebrates its 900th anni-versary. Besides a fascinating collection of peintings, books and later, newspaper cuttings, the Abbey boasts the finest baroque architecture in this part of Europe. Until November 15.

Galleria Nazionale d'Arte Mod-erna. The Sonnabend Collection contains a little of everything, from pop-art with some of the best-known works of Warhol, Lichtenstein, Jim Dine, followed by examples of American mini-mal art (Flavin, Judd. Morris), to conceptual art and Arts povera, with works by Gilbert and George, Paolini, Merz, Pistoletto and Kounellis, ending with some curious examples of German neo-expressionism. Until Oct

Museo Napoleonico, Eighteenthcentury Roman Theatre and Car-nivals. Life was snything but comfortable for impresarios under the oppressive papery of Pins VI, with ruin continually staring them in the face through ferced closure by unpredictable papal censors. Ends Sept 30.

sian and Soviet Art: 1876-1939. Renzo Piano, architect of the Beaubourg, has given the 250 works chosen from Soviet museums by Giovanni Carandente an immensely effective setting, turning the ground-floor workshops of the disused Fiat factory into the equivalent of an Arab tent. Ends October 20.

Spoleto

Rocco Albornoziana and Church of S. Nicoto. 17th century paint-ing in Umbria. The exhibition is the fruit of nearly 20 years research work by Professor Brun-otoscano and a group of helpers, who have been through Umbrian churches and convents with a toothcomb, and the gloriously restored results can be examined close to in two settings (of which the latter is by far the most satisfactory). Ends Sept 23.

Vanice

Museo Correr, French impres sionists from the Mellon collec-tion at the National Gallery of Art in Washington: more than 40 works, among which are delights such as Courbet's sea-scapes, Seurat's La grande Jatte, and Renoir's Madame Monet and Son. Ends Sept 4.

New York

Museum of Modern Art. A retro-spective of the work of Helen Frankenthaler covering 40 years in 40 paintings explores the development of abstract expressionism since the war. Ends Aug

Washington

National Gallery. More than 400

FINANCIAL TIMES

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Thursday August 3 1989

America's thrift crisis

PRESIDENT BUSH and his opponents in the House of Representatives have both been citing world opinion to back their arguments about financing the reconstruction of the ruined thrift industry; so perhaps a comment from the outside world, which has shown very little interest in this particular crisis, is in order.

The sight of President and

Congress tackling a major financial scandal, which was allowed to slide for years under President Reagan, is encouraging. The fact that they have not adopted a more radical approach, which would remove the danger of a future bale-out of the thrift industry — or for that matter of the private pensions industry — is not so impressive; and the sight of the two sides arguing for weeks over the small print, when delay is said to cost \$20m a day, is a bit silly.

The point immediately at

day, is a bit silly.

The point immediately at issue is the enormous sum which may be needed over the next decade to honour insured deposits backed by had loans. Should this be raised by the Federal Government, with s waiver to exclude the sum from the Gramm-Rudman deficit limits (the House approach). or by the special body proposed by the President for the purpose? The House believes that a Federal guarantee would enable the government to borrow the money more cheaply. The Treasury Secretary argues that world markets would be badly shaken by any Gramm-Rudman waiver, and so the cost of all Government borrowing would be raised.

Dangerous precedent

Investors are unlikely to be impressed with either method of book-keeping. The Fed Chairman, Mr Alan Greenspan, makes a more important point when he warns that a Gramm-Rudman waiver, though it might be appropriate here, could be a very dangerous precedent.

cedent.

The US faces many problems which might he regarded as special cases; indeed the drug "czar," Mr William Bennett, has already tried to float the idea of special bonds to finance drug-fighting activities, which he seemed to think would offer a way round the Budget constraints. He was rightly

warned off within hours.

The financial crisis, and those which may follow, are a special case in quite another sense. In world tarms, the "expenditures" involved are a domestic US book-keeping question: it makes no difference to the external deficit whether the loans which bark federally guaranteed deposits are serviced by private borrowers or by the taxpayer. The debt-eervicing costs should appear on the Bodget, but the capital costs should not. The economic damage was done years ago, when the loans were

International effect

Current British experience shows that a runaway property boom in a property-owning democracy can undermine the savings rate just as effectively when the loans which finance it are made by perfectly sound institutions. Things are different in Japan, because it is largely a tenant society: the property boom increases the incentive to save. However, in another sense the troubles of America's domestic thrift and pension industries do matter internationally: they pot a severe crimp on monetary policy. The Fed has to walk a very narrow path between inflationary risks and and the risk of financial collapse in an over-leveraged economy; and the US government has to worry about the possibility that its guarantees to depositors, and to pension beneficiaries, may be called in if the thrifts and funds concerned are over-strained.

Such worries can cause any central bank to settle for stag-flation as the least painful of the alternatives; that is what happened in the 1970s. The US authorities face greater pressures because Congress has in the past legislated guarantees which are largely unknown in other countries, and which encourage excessive expansion. Further, the Administration has in the past failed to provide the tight supervision that is needed when depositors and subscribers are relieved of any need to exercise prudence. Supervision is being tightened, but the guarantees remain; experience is now teaching world markets to find that wor-

Private water, public costs

ONE OF the Thatcher Government's odder justifications for privatising the water services is that the state would never have found enough money to clean up the industry to meet the state's own stan-

dards.

However, Mr Michael Howard, the minister in charge of the sale, yesterday announced steep price rises stretching to the end of the 1990s and a large injection of government money. This will help pay for improvements in the purity of drinking water and the removal of untreated sewage from rivers as required by the Water Act 1999. These expenditures are necessary, but it is not obvious why privatisation was necessary to achieve them. The Government has now been obliged to put £5.4bn up front to grease the slipway to flotation, writing off the industry's debts to the Treasury and adding a cash honus imaginstively decked

out as a "green dowry."

The price rises which the 10 water authorities will he allowed to levy during the next decade have, in addition, been set at an average 5 per cent per annum in addition to inflation. If one looks at these increases in cash terms (as the Treasury prefers) and assumes a continuing inflation rate of around 5 per cent per annum, water charges will go up by at least 350 per cent during the next decade.

Land sale provision

In addition the Government has outlined the rules for a system of "cost pass through," which will allow water companies to levy perhaps substantial further price increases to meet unexpected obligations. This will be offset by the companies' duty to share half the profit from any sales of land or property with consumers.

profit from any sales of land or property with consumers.

The Government argues thet it was able to inject £5.4bn into the industry only because it can set this off against the proceeds of the equity sale. This is less a comment on real world economics than on peculiarities of the public spending system. The Government could readily have raised money for the industry hy official borrowing at a lower cost than is likely for its equity offering.

However, within the framework of its determination to privatise the industry, the Government appears now to have achieved a reasonably fair balance between the interests of taxpayers and water consumers. Privatisation of the industry will, moreover, result in a more open discussion of the need for improved standards and how these should be financed. The cash injection announced yeeterday will reduce the Government's net gain from the sale to only a few hillion pounds, a fair reflection of its past neglect of the industry.

Clean sheet

The new private companies will thus face the future with a clean balance sheet, enabling them to make substantial borrowings to meet the estimated £17.3bn investment programme which they must carry out in the next decade.

It is still not clear what level

of future borrowings the Government has assumed in setting price increases; and this raises a matter of some public importance. It would be wrong for water users in the next five to ten years to be asked to finance the whole cost of projects which have been neglected in the past and which may be expected to last for 30, 50 or even 100 years. The cost to consumers ehould more appropriately be spread over future generations by borrowing. On the other hand some normal replacement of plant could be expected to be paid out of the cash generated from water charges. The regulator for the industry will need to keep this balance under close review when authorising adjustments to tariffs. The final test must ultimately be that equity holders in the new companies receive a fair hut modest return on their invest-

ments.

The Government has rightly removed the larger risks hy keeping the schedule of price increases as small as possible, but allowing future adjustments if the figures prove genuinely too low. That being so, it must have the courage to tell the markets thet the sale will not be a bonanza for equity buyers, but a straight-laced cousin to an index-linked bond.

ichael King, a consultant with Peat Marwick McLintock, llstens patiently to a young mother, baby on knee, as she explains the problems of living with vandalism on a council hous-

vandausm on a council housing estate.

Two widowed women want assurances that they can stay on in the houses where they have brought up their families. A middle-aged couple show concern ahout the deterioration of the estate, but worry that improvements will push up the £27 a week rent.

The Town End Farm estate

is one of four estates in Sunderland, in the north-east of England, which the Government wants to transfer to a Housing Action Trust (HAT).

The specialists try to reassure the few tenants who have responded to a personal invitation to come to the meeting in the community hall. In answer to their questions, they are told: "Relations with the police might improve with a HAT; there will be parks for your children; some of you have kitchens which could be improved; your rents after the

improvements will not go up by more than council rents on other estates in Sunderland." This is the concerned face of Thatcherism, anxious to reassure people who are not inclined to trust those in

authority. Most of these tenants do not vote Tory.

The specialists' job is to inform tenants about Government policy on HATs. They have not been authorised to go out and sell the policy. At this stage, it is too delicate. The implementation of the policy has fallen many months behind schedule. The decision to grant tenants a vote on the transfer of their estates signalled the high degree of care being exercised by the Government on HATs.

ment on IAIs.

HATs are a key element in the housing and inner cities policies. They are a temporary mechanism, designed to pump public money into run-down housing estates. There are obvious similarities with urban development corporations, again temporary structures set up to spearhead renewal of defined, semi-derelict areas of inner cities.

The local authority would be required to transfer its housing stock to the HAT, which will be in existence for a period of about five years. During that time, the Government would make available large sums of money for improvements, land-scaping, and even "economic regeneration." In Sunderland, for instance, up to £75m needs to be spent, according to the consultants' report.

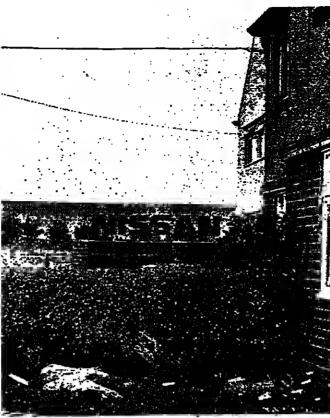
At the end of the trust's life, the tenants would be free to choose whether they want the estates to go back to the local authority, to a housing association, or to private landlords.

HAT's got off to a disastrous start. In planning to impose the policy, without consultation, ministers came over as uncaring. They seemed to have overlooked the paramount importance of the security of a home. Loud lobbying of Parliament was organised by tenant groups on the estates earmarked by the Government for the HAT treatment.

The Government conceded a

The Government conceded a vital amendment to the bill. Tenants would be allowed to choose if they wanted their estates to be transferred to a

Hazel Duffy on a Government initiative to improve the lot of inner city tenants



The Nissan plant, Sunderland, near one of the town's run-down

Bleak houses

HAT. But the seeds of unease among tenants had been planted.

It was the first of several concessions. After the bill became law, Mr David Trippler, at the time a junior minister at the Environment Department, was given the job of getting the policy implemented. Experience as a council leader, MP for a northern industrial constituency, and respect earned in dealing with inner cities – these were valuable qualifications in the delicate task ahead.

He has promised that tenants' representatives can sit on the HAT boards. The plan is that a business person will chair the hoards. He has told Sunderland council that if the tenants want to go back to it at the end of the HAT, the council will not be any worse off financially than if the estates had stayed with them.

Labour councils believe Mrs
Thatcher's real motives for
introducing HATs are to further whittle away their strongholds of power. Nearly 23 per
cent of the housing stock in
England is in the public sector.
In Scotland, it is 47 per cent.
This is about one fifth down

This is about one lifth down on levels eight years ago, mainly a result of the Government's highly popular policy of encouraging tenants to buy their properties. But much of what is left is flats, often in tower hlocks, whose tenants are unable or unwilling to take on the extra costs and responsibilities of owner occupation.

Other policies have now come into play. The expansion of the private rented sector is heing encouraged. Housing associations can draw on a mixture of private and public funds, for instance. A few councils have balloted tenants on proposed transfers of their stock to housing associations or private landlords. Tenants remaining with local authorities will be encouraged to take on a more active role, monitoring the performance of their council landlords.

council landlords.

HATs were proposed to deal with the worst estates. Six areas were identified, three in London (in the boroughs of Lamheth, Sonthwark and Tower Hamlets), Leeds, Sandwell (in the Midiands) and Sunderland. Consultants were brought in to study the proposed areas.

Their draft reports were presented to ministers last December, and summaries of the final reports were published in March. They did not make very encouraging reading. The consultants on Tower Hamlets concluded that the only way that a trust might be

set up would be if substantial additional housing was made available. The council was asked to nominate new areas. The proposal was dismissed as "idiculous and unthinkable" by leader Ms Brenda Collins.

Consultation continues with tenant groups in Southwark. Sandwell and Leads seem to have been abandoned. Other councils are said to be thinking about nominating difficult estates for HATs treatment.

estates for HATS treatment.

But, out of the first crop, Sunderland — however tentative—

still looks the best bet.

The four estates do not reek of deprivation and dereliction as do some inner city estates. There are no tower blocks. The tallest buildings are three story blocks of flats. Seventy percent of the 6,300 units are houses with small gardens. The spanking new Nissan car assembly plant is just across the road from one of tha

Closer inspection, however, reveals obvious signs of problems. Mr Rodney Dykes, housing consultant, points to the flats on corner sites, many of them now boarded np. The houses also present problems. Blocks of garages were built at the backs of houses. In the 1950s and 1960s, when council tenants were not expected to own cars, it was innovative. Today, the blocks are vandalised, an ugly mockery of architects' ambitions.

Leisure facilities on the

Leisure facilities on the estates are poor. The Nissan site took some of the best foot-hall pitches in the area. Ironically, few of the estates' residents work for Nissan. Unemployment is high, even for Sunderland, a factor which the Environment Department's regional officials say tipped the balance in favour of these estates being nominated a potential HAT.

for Sunderland, a factor which the Environment Department's regional officials say tipped the balance in favour of these estates being nominated a potential HAT.

There are bright spots. About 13 per cent of the houses are now owner-occupied. They are immediately identifiable—porches have been added, gardens are tidy. A couple of satellite dishes have sprouted.

Surveys among tanants reveal little criticism of the landlord, Sunderland council. Most think it is doing a good job within the limits of its resources. This undonhedly reflects an element of "better the devil you know than the one you don't". There is a real fear that rents will rise steeply following HAT-initiated improvements.

The council has stood back from the Government's programme of informing the tenants of the benefits of a trust. Although left-wing, it has not been hostile in the vain of the London boroughs. Information on the estates has been handed over to the consultants.

But the council has not told

its tenants that a HAT is good for them. Considering the local authority thinks that it could have done the job just as well if it had been given 275m — it had already drawn up a programme very similar to the Government's, it says — its endorsement seems unlikely. Uncertainty stalks the HAT's policy. The earliest that the vote on the Sunderland estates will take place will be the end of the year. The Government's original plan had been that several trusts would be up and running in the spring. But ministers are determined to make it work, even if they suspect that there are few Tory votes to be won through HATs.

BOOK REVIEW

The rewards of discipline

here are several things every western business—man knows about hig Japanese companies. They for mulate decisions by an agonisingly slow process of consensus-huilding; they pursue visionary long-term objectives at the expense of short-term profits; they award promotion strictly on the basis of seniority; and they never sack anyone.

one.

So much for the convantional wisdom. This little book punctures all these beliefs in the course of an engagingly individualistic account of how Matsushita Electrical, Japan's largest electronics manufacturer, recovered from serious financial difficulty.

Toshibiko Yamashita was

Toshibiko Yamashita was the second most Junior director of Matsushita when, in 1977, a management: reshuffle triggered by the chairman's "resignation" catapulted him into the president's job with a mandate to turn the troubled company around. An unassuming fellow, he had to be asked five times before he accepted the promotion.

Once installed, however, he swiftly made clear who was boss. The job of a president, he says, is to hand out decisions—fast. "Otherwise, subordinates are stuck in limbo and the organisation grinds to a halt. A group decision, where everybody expresses an opinion and the choice is a consensus based on compromise, is frequently wrong."

mise, is frequently wrong."
His first decision was to shake-up Matsushita's complacent, musclebound hureaucracy. He axed three executive vice-presidents, cut hack the company's overstaffed head-quarters and instituted a programme of radical decentralisation. He also set stringent new profit targets for Matsushita's 46 operating divisions.

The division heads protested that they were investing for the long term. But their grand strategies boiled down to little more than abstract concepts, according to Yamashita. "It struck ma as Indicrous for someone to say ha was "thinking of the future" when his present products didn't make money. If a company goes bankrupt, there is no future." In his respect for the bottom

In his respect for the bottom line, Yamashita seems to have much in common with western managers, such as Lord Weinstock of GEC, Jack Welch of General Electric and Lord Hanson. No doubt they too would share his deep satisfaction at the way resourceful marketing and tight cost control wrung profits out of low-tech Matsushita products such as dry batteries and electric irons.

batteries and electric trons.
Yet how many profit-driven western managers would also be prepared to take risks as hair-raising as Matsushita did in videorecorders? Fearing that Sony's Betamax system was about to sweep the US market, Yamashita contracted to supply RCA with VHS machines with a four-hour recording time. The problem was that

THE PANASONIC WAY:
Prom a Chief
Executive's Desk
By Toshihiko Yamashita
Kodarsha International, 377.23

Matsushita had not then made even a two-hour-VCR. Its engineers "ate, drank and slapt four-hour VCRs" and met the contract deadline.

Yamashita serves up such stories as part of an idiosyncratic hlend of anecdotes and vignettes which make the book highly readahle. A practical man his views are not bosed on airy philosophising, but are directly related to personal experience. This lead him to pronounce not only on such issues as foreign aid and multinational management, but also on how to deal with subordinates' marital infidelity and the correct way to iron a shirt.

the correct way to iron a shirt.

Invariably, his reminiscences make a point. Seconded in the 1950s to Philips, the Dutch electrical company, he marvelled at its advanced technology, modern equipment and management systems. But asking for a world map, he found Holland in the middle and no mention of Japan. "I remember thinking: 'Cartography is a very subjective science'.' Today, Philips is fighting to survive against Japanese compatition."

yet for all his iconoclastic management methods and whimsical asides, Yamashita's message is starkly Japanese. One chapter entitled "Adversity builds character" says it all. Time and again, he exalts the virtues of discipline and the improving power of toll in pursuit of excellence. The corporation overshadows everything. Though he advises fellow executives to cultivate outsida pursuits, the prime purpose is not to create more rounded individuals hut to equip them to take better business decisions, Man lives to work, he does not work too are

As for women, they too are viewed largely through the corporate optic. "Only in recent years did I begin to appreciate the crucial role wives play in an overseas assignment. In some countries, drinking water must be bolled and vegetables carefully washed before eating. Wives have to be sanitation engineers, cooks and nurses, too," he marvels. Some Matsushita employees even have their wives send them fresh laundry while travelling abroad, though Yamashita washed his own.

Now retired, Yamashita reflects that maybe it has all gone too far, and that "economic tunnel vision" has distorted Japan's view of the world. It is time, he says, for Japanese to cultivate the garden of their soul. But amid all those exhortations to continue the heroic struggle against overwhelming odds, it sounds like a discordant after thought.

Guy de Jonquières

Wilkinson's long rise

Whether or not the heart attack suffered this week by Sir Philip Wilkinson was caused by the strains of the Blue Arrow affair, the scandal was a painful late chapter in what had been an exemplary banking career for the former chief executive of NatWest. In a span of over 40 years, he rose from the lowest rung in the NatWest ladder to the highest, earning a knighthood when he became deputy group

chairman in 1987.

Wilkinson's qualities include a terrier-like sttention to efficiency and detail, and a keenness for team spirit. He created a cohesiveness at the top of NatWest that other clearers found hard to match. (At NatWest press conferences most managers turn up wearing NatWest ites.) Above all, he turned NatWest into the UK's biggest and most profitable clearer – something that Barclays has been struggling to correct for the last two years.

Wilkinson had moved on by the time the Blue Arrow affair broke, but was caught in the maelstrom because he was asked to conduct an internal inquiry which, it now appears, failed to get to the bottom of the matter. The DTI inspectors said it was "a bona fide attempt to explain relevant events," but — without blaming Wilkinson — added that they had access to more information.

He retains his group deputy

He retains his group deputy chairmanship, but since the report came out has resigned from the chairmanship of Nat-West investment Bank, where the trouble was, and from the Board of Banking Supervision, which advises the Governor of the Bank of England.

Going Dutch

The European Commission
yesterday decided to send
Andries van Agt, currently
its envoy in Tokyo and a for-

<u>Observer</u>

mer Dutch Prime Minister, to represent it in Washington, thereby ending a prolonged period of infighting for the Community's premier diplomatic post.

Two months ago Eamonn
Gallagher, a veteran Irish diplomat and presently director
general for EC fishing policy,
seemed to have the Washington job sewn up, in succession
to Sir Roy Denman of Britain.
Then Frans Andriessen, the
external affairs commissioner,
decided to use the weight that
comes with being the only
commissioner in his third
Brussels term, on behalf of
his fellow Dutchman, van Agt.

There is talk that Gallagher might now become the Irish Ambassador in Washington instead of the Community's man.

Cost of water

■ Water bills may be a problem in Britain; they are as nothing compared to Argentina, which as most people must know by now is experiencing economic collapse. President Carlos Menem decreed on July 9 that all state services would have to go up in price by several hundred per cent; water rates by rather more. The most recent water hill for the Financial Times office in Buenos Aires covers July August. It shows a percentage increase of 15,365.5 per cent over the last bill, for May-June. And, according to water board officials, there is no mistake.

Aussie wars

m "Kamarian infiltrators have been detected by a group of campers north-west of Kununurra, 50km inside Australia's northern coastline, suggesting a planned submarine and airborne enemy operation against



Australian installations."
So began a despatch yesterday from a correspondent of the Australian Associated Press, quoting an army spokesman. But it was not quite true: just the result of Kangaroo '89, a massiva military exercise in northern Australia involving thousands of military personnel from home and abroad. Kangaroo is organised by Australia and its western allies under the Labour Party Government's revamped defence policy. Based on the notion of self-reliance within a network of alliances, it presumes that Australia should be able to defend itself against "low level conflicts," while having the capacity to project itself in the South Pacific region and to give and receive allied support in dealing with

port in dealing with greater dangers.

It has not taken a great deal of intelligence to work out that the mythical state of Kamaria is probably Indonesia, though the Australian military would never admit it in public. But it is a fact that Kangaroo '89 is designed as a low level conflict, in this case over oil and fishing grounds in the Timor

Sea, which lies between Australia and Indonesia.
In recent days, Darwin has seen one of its largest naval fleets lying in its spacious Syney-style harbour. For older

fleets lying in its spacious Sydney-style harbour. For older people, that is evocative. The town was heavily bombed by Japanese aircraft during the second world war. For younger people, it is more contentious. According to reports yesterday, also carried by Australian Associated Press, some Darwin children have formed the impression that a real conflict is under way.

Plessey jinx

Roger Gill, the Director of Strategic Planning at Plessey, is beginning to think he is jinxed by junk mail. Two weeks ago he received a letter British Telecom trying to sell equipment that Plessey had itself produced and "suitable for a small business like yours." Yesterday his mail included a press notice from the Department of Trade and Industry stating that the Government was allowing the GEC-Siemens hid for Plessey to go ahead, and an invitation to a one day seminar on "Coping with difficult people at work."

Dear Ratty

There is still wind in the willows. Listen, if yon want to catch it, to BBC Radio 4 at 8.45 am, where Kenneth Grahame's book is being beautifully read by the actor, dramatist and satirist, Alan Bennett. Almost nothing that Bennett has written himself is guite as good as Rat talking to Mole, and the way he reads it. Yesterday was the terrors of the wild wood; there are seven episodes to go.

Well pitched

Seen in the window of a
Licester camping store during
a January sale: "Now is the
winter of our discount tents."

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NAUGENIA

The new US Deputy Secretary of Defence tells Lionel Barber about his plans for managing the Pentagon

ission impossible is one view of Donald Atwood's job. As Deputy Secretary of Defence, he is responsible for the day-to-day management of the Pentagon, a bureaucratic labyrinth which has driven many of his predecessors to descript.

to despair.

Each working day, the Pentagon receives 400 written inquiries and 2,500 telephone calls from Congress.
On average, the Defence Department conducts 15m transactions a year, supervised by more than 150,000 people, including more than 26,000 andianous and inconstant.

tors and inspectors.
Fortunately, Mr Atwood is used to size. He worked for nearly 30 years at General Motors where he rose to be is joked, he was the only executive with an IQ high enough to take charge of the car company's hitech

acquisitions, Electronic Data Systems and Hughes Electronics.

Far more daunting, he says, is the mistrust which exists today between the Pentagon, Congress, and the US defence industry, a poisonous atmosphere created by the procurement scandals of the past few years, a legacy of the rapid, uncontrolled military build-up under President Reagan.

"There is a great deal of confirmina-

build-up under President Reagan.

"There is a great deal of confrontation because of the public perception
that traud is crawling all over the
Pentagon," he admitted in an interview in his office last week, "I say
this is grossly exaggerated."

The challenge for Mr Atwood and
his boss, Mr Richard Cheney, Defence
Secretary, is to-restore morale in the
Pentagon, to rebuild public confidence
in the defence procurement system.

in the defence procurement system. and to reshape a Pentagon hudget where planned spending over the next five years may overshoot the future funds available by as much as \$250bn

How does a manager tackle such tasks? Mr Atwood, a trim-looking 65year-old who retains his native Mass chusetts twang despite all those years in Detroit, has a two-word answer straight out of the GM manual partic-

Mr Atwood says that in the past, reforms at the Pentagon were imposed from the top down, and subsequently fell victim to middle man-agers bent on obstruction. This time, the Cheney-Atwood team has deliberately sought out those managers who will be responsible for carrying out future change. In line with the techniques General Motors employed 10 years ago at strike-ridden Vauxhall, Mr Atwood is trying to co-opt his employees and make them responsible for their own new working prac-

The proposed changes are outlined in a Cheney-Atwood defence management review unveiled earlier this month. More than 30 such reviews have been launched since the end of the Second World War, starting with the Hoover Commission in 1949, Mr Atwood understands why people are sceptical about promises of reform. But this time, he says, it is different:

Finding his way through the maze

clearly defined responsibilities, with Mr Cheney, a former Republican Congressman from Wyoming, dealing with Congress and with the President, and Mr Atwood, the businessman, in charge of day-to-day management (an arrangement modelled to some extent on the successful Nixon Administra-tion team of Melvin Laird and David Packard, who came from similar legislative and commercial backgrounds).

The question is whether the proposed streamlining can prevent a recurrence of the rivalries which have halted previous reform efforts, partic-ularly in the area of procurement where the contracts at stake are large enough to keep companies profitable for decades. Two include Lockheed's \$35.50n contract for the Navy's Tri-dent II missiles and the (now threat-ened) \$25.90n contract for the V-22 high-speed helicopter sought by the Marine Corps and manufactured by Boeing and Bell Textron.

The last man to achieve any prog-ess was David Packard, the former chairman of Hewlett-Packard, the California electronics company, who chaired a commission in 1986 which urged the Pentagon to make sweeping changes in its purchasing practices.

Mr Packard's recommendations har Packarus recommendations— largely repeated in the Cheney-At-wood management review published this month — focused on three broad areas: creating a defence under secre-tary for acquisition; establishing a better decision-making process, which would give greater stability to the bil-lion delier. lion dollar weapons programmes; streamlining the chain of command for programme managers.

The first defence under-secretary for acquisition, a former top Bechtel Corporation executive by the name of Richard Godwin, did not really make it past step one, and left within a year. His successor, Robert Costello, left faming about the cost and waste in certain hig programmes, notably the B-2 Stealth bomber which is now

in trouble in Congress.

Mr Atwood says Richard Godwin's troubles arose because his task was not clearly defined — a euphemistic description for the brutal internecine warfare between Mr Godwin and the then Deputy Secretary of Defence, William Taft IV, grandson of the former President and currently US
Ambassador to NATO, a man whose
demeanour, right down to his cold
hlue eyes, bespoke privilege and



Donald Atwood: has daunting job of reforming the labyrinthine Pentagon

Of even greater concern to Mr Atwood is how recent procurement scandals have generated such public hostility towards the defence industry that the Pentagon and Congress have over-reacted — by increasing regulation and shifting impreasonable burdens to the contractors. dens to the contractors.

For example, the Pentagon under Mr Caspar Weinberger stepped up the number of anditors and inspectors from 19,000 to 26,000. At General Electric, Mr Atwood likes to recount, ne 200 Air Force personnel watch GE make engines - the kind of micro-management which encour-

ages delays, irritates manufacturers and creates what he describes as "no-

Defence contractors' difficulties have been mounting since the Pentagon's decision to cut the profit margins on negotiated contracts, to reduce progress payments and to require contractors to invest more in tooling costs. Equally damaging in the long-term, the Pentagon cut reimbursable expenses for independent research and development, and moved toward fixed-price contracting which forces contractors to bid for programmes before full-scale engi-

neering and development has been completed. Together these decisions
- largely imposed for political expediency rather than financial sanity have created severe cashflow prob-lems for a once highly profitable industry.

Mr Atwood wants to reverse course:

"What happens (with fixed price con-tracts) is that you don't put the manpower on, you don't do the testing, you don't do the audits that you need to do to have a simpler design, a viable design, a higher quality design, which saves money in production, maintenance and logistics."

There is a second concern: "Industry has not had the incentives to

try bas not had the incentives to make long-term investments. Industry is therefore not as up-to-date in new technology as it should be. We need to give them incentives, longer-term funding, multi-year budgeting, so they

His parallel is with Vauxhall UK in the late 1970s, where trade union unrest and a lack of confidence in the British economy raised doubts about GM's commitment to its subsidiary "Now people are very happy to invest in Britain. We need the same kind of turnaround here in the US, to encourage industry to make investments in their own factories."

To make comparisons between the Britain of the late 1970s and the US of the late 1980s is, at first sight, surpris-ing. But like many other business-men, Mr Atwood says he is concerned about the health of America's indus-trial base and the threat from foreign competition, particularly from Japan (which he has witnessed first-hand in the car industry): "People are aware they no longer have the great technological lead of the past decades, they feel, in some areas, they no longer have a great manufacturing lead. They are worried about it - and they want to work on it."

This does not mean that Mr Atwood advocates an industrial policy or a greater role for the Pentagon in directing such a policy. He rejects, for example, federal funding for high-defi-nition belevision which was favoured by Mr Robert Mosbacher, US Commerce Secretary. Nor does he feel that it is the Defence Department's business to interfere if defence companies either merge or go ont of husiness. "Perhaps we don't need all the companies we have. Maybe there will be some contraction; maybe the strong will survive and the weak will drop out - but that's nature."
It is an unsentimental attitude, in

keeping with the style of a man who speaks in a detached matter-of-fact manner even though billions of dollars are at stake and more than 3m people (including the armed forces and civilian personnel) are under his management. Mr Harold Brown, President Carter's Defence Secretary who tried and failed to impose tighter con-trols on defence spending, suggested shortly after leaving office that the Pentagon was beyond reform. Mr Atwood is out to prove that this mission is indeed possible.

LOMBARD

The teenager's trade guide

By Samuel Brittan

distortions the June trade figures added little to the sum of human knowledge. Nevertheless, the attempt to squeeze some information out of them produced useful lessons for my teenager's guide.

As usual the sensible starting point is not a single month, but a whole quarter. Comparing the first with the second quarter of 1988, there was indeed a slight narrowing of the current deficit from an annual rate of \$19.3hp to one of annual rate of £19.3bn to one of

Slightly more than half the improvement was due to invisibles, which we cannot take too seriously, as the second quarter of the year is merely a projection. To go any further, we need to look at trends in "visible trade other than oil and erratics" given in Table 7 of the Press Notice. This shows that export values increased by 31/2 per cent in the second quarter, while import values rose hy only 2½ per cent.
But we should not stop here.

For a trade gap narrowing based on export prices rising faster than import prices - in other words improving terms of trade - is not usually sus-

trend we need to look at the final two columns of the table, which gives volumes. Here the trend does not appear so good. For exports rose by 1 per cent and imports by 2½ per cent

between the two quarters.

But at this point I came across a puzzle. For if trade values improved and volumes deteriorated, we should expect to find a rise in the terms of trade. Yet the terms of trade index (calculated by dividing export unit values by import unit values) fell by half a per

The solution to this puzzle turns out to be that the price indices used to convert value into volume are not the same as the ones used to calculate the terms of trade. The former are weighted by current trade, while the latter are base weighted; and the former do indeed show a rise. How far can the disappoint-

ing second quarter volume behaviour be explained away by labour disputes? The clue to

BECAUSE of dock strike the tortuous official explanation is that a stoppage temporarily helps the trade balance, while a return to work harms

The reason for this topsyturvy conclusion is that imports are recorded straight away, while export recording may be delayed up to two weeks from shipment.

The dominating feature in June was not a strike, but a return to work after unofficial action. This was not the only feature at work, as there may have been a speeding up of trade volumes in both direc-tions earlier on, in anticipation

of strikes.

The least bad procedure is to take a slightly longer period and compare the second quarter with the final quarter of 1988. This shows the volume of exports (excluding oil and erratics) up by 7.1 per cent, while imports rose by 5.3 per cent. But I would not go to town on this trend.

We are not, however, out of the wood yet. For an official dock strike took place in July which started to crumble at the end of the month and has mow been called off, although

the return is incomplete.
According to David Walton
of Goldman Sachs the effect of an on-going strike is favourable to the trade balances hecause Scheme ports are used more for imports than for exports. The DTI is sceptical. But an additional incontrovertible point is that an equal propor-tional cut in both exports and imports helps the trade halance because visible imports are so much larger than

Putting all these distortions together, Mr Walton believes the published current deficit could show a completely pho-ney narrowing from £1.5hn in June to say £0.9bn in July. This could in turn be followed by an equally phoney "shock borror" widening to up to £2bn in August as a result of the one-sided effects of a return to work; and it will not be until September at the earliest that the distortions are unwound, If the teenager has now learned to refrain from instant comment on the trade figures,

some good could yet result from these complications.

Crisis in debt

Sir, Increased provisions may protect UK banks from the "darkening outlook" Sir Jeremy Morse of Lloyds Bank sees for third world debts.

The questions which \$1.

The questions which Str Jer emy and other leading bankers do not address are: why the outlook continues to darken. and what responsibility banks must bear if the future is to be brighter for millions of people in the debtor countries.

The crisis remains because the starvation of investment and demand have made sus-tained growth in the big debt-ors impossible. In six years the "heavily indebted middle income countries" have transferred a net \$135bn to their creditors. The human costs have also been immense — an additional 100,000 child deaths a year in Latin America,

com,

according to UNICEF.

Restored growth is essential in both human and economic terms. The World Bank terms. The world bank believes that 4 per cent to 5 per cent annual growth in the debtor countries is the minimum needed for the international debt strategy to succeed.

The most recent World Bank

The most recent world Bank analysis, on highly optimistic assumptions, is that the large debtor countries require a het \$20m in new finance each year to achieve this growth. Even allowing for an increase in official funds and direct investment the commencial banks ment, the commercial banks will have to provide a net \$8bn

a year. It is this stark responsibility which banks refuse to address. Though some banks may make some loans to some countries, a net increase in lending would be an unprecedented and inconceivable reversal of recent trends. The only feasible source of such finance is an equivalent level of debt relief an immediate 30 per cent can-cellation, overall, of loans to the big debtors. UK banks, alongside the

acquisition of Tymnet meets the same strategic criteria, without any dilution of earnings in the short-term. Tymnet's products and market position should attend other significant lenders, are. other significant lenders, are mas in the Shortestat. Posinow in a position to absorb net's products and market posisuch losses. They show no iton should strongly
signs of so doing if the outlook complement and enhance BT's
is to brighten, governments growing activities in the field
must act fer more declaively of data communications and
than they have, so fair, to value added services
enforce debt reduction.

John Denham
War on Want.

War on Want.

Street, the inevitable erosion of its
market share in its domestic

United we spend

Sir, May I flesh out Mr Michael Green's idea ("Paying by Mars bar?" Letters, July 29), arising out of planning his holiday currency needs?. European governments

should:

Make the Ecu (European unit of currency) legal tender;
Empower central and other authorised benks (and others, such as oil companies, with sufficient capital bases), within sensible limits, to issue notes and companies and companies.

(they could have a standard format, with provision for the issuer's logo in some suitable, regular place);

Encourage, through the tourist authorities, the dual pricing of petrol, hotel rooms, meals and so on, in both local currency and Ecus.

This would allow consumers

and coin and similar payment instruments such as credit card transaction vouchers and traveller's cheques in Ecus (they could have a standard

Sir, I was disappointed in a number of comments made by:

Lex (July 31) about British

Lex (July 31) about British Telecom's overseas acquisitions. It may be that some people regard British Telecom as a lumbering giant, but I doubt if that is the view of many of our competitors or, indeed, of our large customers today.

Time will tell whether the acquisition of a majority share in lifted in 1986 was well or ill judged. What is certain is that the company is now in profit, and that it has an excellent range of products.

range of products.

Neither that decision nor the decision to buy a 20 per cent stake in McCaw were made in

expectation of a quick pay-

judged to be significant in terms of strategic positioning and long-term profit potential in key sectors of the telecom-munications industry. Our

market share in its domestic

From Mr John Raisman.

to vote with their spending power for the spread of the share

the 'Hoat' so created, to cover the costs of issue and of covering their exchange exposure. Each central-bank could determine unilaterally the size of its own country's issue.

It would be ironic if a non-European bank such as American Express or Citibank were to lead the creation of a con-august a Equipment of the creation of a con-august at the creation of a con-

bear the creamin of con-sumers. Ecu and defuse, at least to some extent, the fre-quently hollow arguments by both the hard-line Thatcherite "little Englanders" and the Delors (or is it Delorite?) cen-

market as a result of the growth of competition in the UK. More importantly, how-ever, it is in pursuit of BT's legitimate aspiration to become

an important world telecommunications player, a role which its strengths, skills and

which its strengths, skills and international reputation fit it well to fulfil.

At the present stage of telecommunications developments in key countries of the world, BT has some exceptional opportunities to build a position of lengthern strength and

tion of long-term strength and global coverage. Would our shareholders really prefer us to turn our backs on these oppor-tunities and confine ourselves

to a diminishing share of the UK domestic market? I and my

Peter Welch, Frankfield, Spinfield Lane, Marlow, Buckinghamshire

BT on the world stage

Managing It would probably allow the issuers, through the interest on the "float" so created to cover

Stock Exchange needs to have its arm twisted before it will liberalise or modernise its atti-

depository. Important ques-tions of ownership were raised, as well as the implied option of parallel and competing

Presumably the CRO will be

colleagues on the board of Brit-ish Telecom take leave to incidentally, it would be unfortunate if your readers got the impression that BT had surplus cash available to return to shareholders. A reading of our accounts would indicate that we were cash nega-tive last year, and our capital investment programme is cur-rently running at close to £3bn a year, almost all of it in the UK, to upgrade the quality and range of services we offer to The future management and distribution of market informa-

John Raisman Deputy Chairman, British Tel-com Centre, 81 Newgate Centre, EC1.

Sir, The Stock Exchange's proposal to share the owner-ship of a new clearing house is described as a big concession, yet it leaves small shareholders' and private investors' interests on the sidelines - as

tudes, structure and practices.
In its well-founded report earlier this year the Group of 30 raised the matter of separating settlement systems from what it termed a securities

The UK Government has pre-viously indicated. I believe, that it does not see the Companies Registration Office (CRO) as a suitable candidate for privatisation. Why not spin off and strengthen that part of its present activities that could form the basis for the Central Securities Depository?

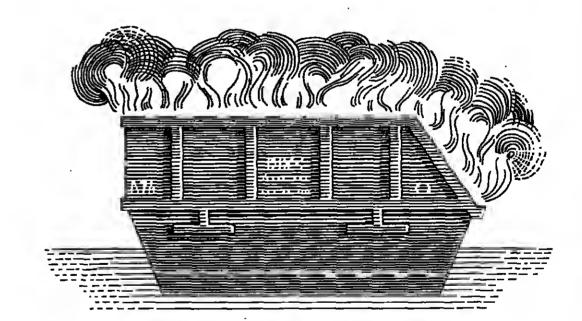
retaining its statutory duties relating to share registers any-way. There seems to be an arguable case for developing what would be a public service, independent of the Stock Exchanga. Wider share owner-ship — that well-known num-bers game — has falled to develop into a movement which truly participates in the UK brand of democratic capi-talism. Healthy markets can-not surviva without a free flow of good mality information of good quality information.
We are approaching yet
smother significant change in
the structure and operation of
equity markets. Care and effort

should be given to strengthening the concept of public domain information and rationalising the price and accessibility of such informa-

tion is at issue here, just as much as the creation and own-

ership of a modern settlement facility. John Willett, 6 Two Acres, Worksop, Nottinghamshire,

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FINANCIAL TIMES

Thursday August 3 1989



Spreading the green gospel in Brazil

Ivo Dawnay examines consequences of deforestation of the Amazonian rain forest

AS sweltering Europeane wonder whether their summer is a sinister consequence of global warming, a diminutive Brazilian civil servant has been zig zagging across the Amazonian rain forest looking

for fires.

This week, Mr Fernando
Cesar Mesquita, overlord and
chief co-ordinator of Brazil's
new ecology policy, interrupted
his aerial search to bring good
news to an international symposium on the region at São
Paulo University.

Ten hours of fiving over the

Ten hours of flying over the forest had revealed a far better outlook than had been expec-ted, he claimed. Illegal clearances by fire are minimal with only seven substantial sites, none major, located.

The 5,000 fire centres detected by satellite observation at the National State Research Institute (INPE) must be little more than "backyard

barbecues," be said. However, the annual burning period is beginning about now, taking advantage of the dry season. Some fear that Mr Mesquita's cheery analysis may be premature. This is not the first time that INPE's data has been challenged, but it is the first that its findings have been considered an overesti-

While the highest claims for deforestation allege that as much as 14 per cent of the original 5m sq km primary forest in Brazil has been destroyed, INPE had stirred controversy this year by offering the lowest bypothetical figure: 5.6 per

The only real consensus among the 200 scientists, technicians and lobbyists at the conference this week, 'Amazonia: Facts, Problems and Solutions,' is that there are a great deal more of the latter

two than of the first.
Prof David Hall of King's College, London, told the meet-

DIRECT talks between Britain

and Argentina could take place

this month after Argentina's

decision to drop a seven-year-

old ban on imports from

ing closer to rapprochement

than at any time since the

Falkland Islands conflict in

There is speculation that any

direct talks between the two

agenda has still to be formu-

Argentina has proposed plac-

Although no agreement over

April 1982.

The two countries are mov-

That view appeared to be more than born out by the reaction to several other speak-ers. Dr Volker Kirchhoff, director of INPE's ozone laboratory, was greeted by general scepti-cism when be argued that wrong methodology had led to overestimates by a factor of 100 in the contribution of biomass burning to emissions of carbon into the atmosphere. Some the-ories claim that the impact of total global biomass burning roughly equalled the 640m tonnes a year of carbon emit-ted by vehicle exhausts, but in reality it was lese than 10

tonnes, he said. However, the explosion of concern abroad last year about the Amazon rain forest is now strongly echoed in Brazil.

Also, Brazilian scientists, including Dr Kirchboff, are much alarmed by the potential impact of destruction on the domestic climate, let alone the

Studies by soil and hydrology ecientists, such as Prof Eneas Salati, suggest that flows of water vapour dis-persed beyond the region by the Amazon's pump-like pre-cipitation and evaporation cycles are beginning to be affected. This threatens to jeop-ardise the evolution of highly profitable farming to the south and east of the rain forest targetted as the areas for expansion of output for big monocultures

"By far the biggest problem," Prof Salati told the conference, "is that, once the alteration takes place and the forest cover is removed, it is almost impossible to return to the previous position."

If appeals to commonsense

fall on deaf ears, then the scientific community can add a compelling economic argument for better forest management. All this gloomy news ignores, however, that a change appears to have taken place in the Brazilian Govern-



ESTAO ROUBANDO O VERDE DA NOSSA BANDEIRA

"They are stealing the green from our flag," say Brazilian campaigners evoking nationalism in an ecological cause

Even as recently as six months ago, Brasilia's main preoccupation seemed not so

mnch with conservation but rather with combatting the nnprecedented international criticism the Government was undergoing. That was under-standable, given the atrocious pollution records of the devel-oped world where most of the

Today, however, with the

ment's attitude to its enormous hue and cry temporarily vegetable patrimony. hue and cry temporarily abated, it seems that minds are beginning to concentrate seri-ously on the issues. The more atavistic politicians in Brazil may still regard the environ-ment as a modish affectation, but the educated urban public, struggling to work in some of the most polluted air in the world, is taking up the cause. So it is now arguable that the most formidable enemy of the rainforest is no longer ignorance but a simple lack of

zil's chronic public sector defi-cit and soaring inflation. There is no cash.

As one foreign diplomat put it: "They have horrendous problems, but they have not sat on their hands and they are sat of their makes and they are trying to get the infrastructure for conservation together. The real problem is the Brazilian public sector as a whole."

To police a region substantially larger than the European Community. Mr Mesquita's agency has, at best, 500 men. In agency has, at rest, see their in the far-western state of Acre, they are being shot at by land barons; in neighbouring Ron-donia, scene of the worst dev-astation, there are not even the funds to fill their pick-up trucks with petrol.

In the light of this crisis of In the light of this crisis of resources, offers of technical aid from visiting politicians, like British minister Mr Christopher Patten, while welcome, merely scratch the problem. Also, welcome legal measures within Brazil, such as an end to fixed incentives for forest to liscal incentives for forest destruction, will do little to halt the activities of many frontier people living beyond the reach of any ecology-ori-ented law or law-enforcement.

This year, INPE believes, for-est destruction will total less than half the 48,000 sq km lev-As a former presidential press spokesman, Mr Mesquita

has proved admirably suited to the formidable public relations task of spreading the green gospel. Policing the new policy, bowever, will require hard cash - a large portion of which, many believe, will have to come from Brazil's critics

As several Brazilian politicians have remarked: "If the Amazon is a world resource, the world will have to pay for

A martyr of the Amazonian forests, Page 6

W German monopolies chairman resigns

By David Marsh in Bonn

two countries recently through the established channels of the Germany's Monopolies Com-Germany's Monopolies Com-mission, Prof Ulrich Immenga, yesterday announced his resignation over disagreement with the proposed aerospace and defence merger between Daimler-Benz and Messerschmitt-Bölkow-Blohm (MBB). In the latest twist to the

year-iong controversy over the takeover, Mr Immenga decided to step down after the commission voted in conditional favour of the deal. In a report drawn up to help the Economics Ministry decide next month whether the takeover should go ahead, the advisory body ruled that the merger could be allowed, provided that Daim-ler sold off important parts of its military business.

The commission said that Daimler, which is bidding to become West Germany's most important defence technology group, should divest itself of either its military engines activities or other armaments operations, such as missiles, and defence electronics.

and defence electronics.

Daimler and MBB immediately rejected the suggested conditions. They said last might that the proposed terms—which are not binding on the Government—went against the "concept" of the takeover worked ont with the remarks. Economics Ministry in negoti-

ations over the past two years. The five-strong body's condi-tional vote in favour of the tional vote in favour of the deal was four-to-one, Mr Immenga dissenting on the grounds that it would still lead to a fundamental distortion of competition. The Göttingen-based professor, who has constantly railed against the Daimler-MBB transaction in recent months, said he was quitting because of deep-seated disagreements with his colleagues which went beyond the specific

went beyond the specific Daimler-MBB case. The commission also took issue with the dominant role in the merger, played by Deut-sche Bank which owns 28 per cent of Damler. Although the commission recognised it had no power to make proposals in this area, it said the Daimler-MBB transaction would be easier to approve if Deutsche first sold its stake in the Stutterart-based motor group.

gart-based motor group.
The Daimler-MBB deal was rejected by the Federal Cartel Office in April. Mr Helmut Haussmann, the Economics Minister, is likely next month to overturn the office's veto, provided Daimler and MBB make some concession to allay public disquiet over the competition implications of the deal.

Cheap water for a thirsty City

Any suggestion that the Government was going to make a killing on the sale of the UK water industry can now be firmly laid to rest. It will be lucky to raise £7hn from November's privatisation; and after writing off £4.9hn of debt and injecting £1.2hn of cash, it will not have much left to show for its efforts. It has also cushioned itself against criti-cism that it is selling the industry on the cheap by hid-ing helpind the increasingly powerful green lobby and throwing in a hefty chunk of cash, in the form of a "green dowry", to calm the City's fears about the bankability of

fears about the bankability of the project.

The "green dowry" is just another PR gimmick designed to prevent the sort of politically unacceptable price increases the water industry would have had to force through if the authorities had not decided effectively to give the water industry away. The £18.7bn 10-year capital spending programme may be somewhat smaller than expected, but is still a very large sum; but is still a very large sum; and the Government had little choice but to let the industry start with a clean balance sheet. It is impossible to tell yet which anthorities have emerged best from the recent negotiations — in terms of their future prices increases and cash injections - bnt there is a general sense that the industry now has a sensible pricing and financial structure to carry it into the private

Doubtless there will be fresh horrors to come out of Brussels, in terms of even tougher environmental standards. But whatever political problems these may cause, the institu-tions have to believe that the cost pass-through mechanism will be allowed to operate to protect their investment. Assuming this is as hinding as the Government's lawyers insist, the authorities should have little problem getting the issue away at a yield of around 8 per cent. Indeed, a partly paid issue promising money off customers' water bills could be a spectacular success, espe-cially if it coincided with gently falling interest rates.

Barclays

Barclays is doing all it promised in terms of growth and improving its profitability, but the City remains sceptical. Even allowing for the £60m benefit from last year's controversial rights issue, a mere 8 per cent fall in interim pre-tax profits to £590m looks impresBlue Circle Share price relative to the

FT-A Al-Share Index

sive when compared with the rest of the sector. If South Africa is added in, the increased provisions against the group's Third World deht exposure are not up to Nat-West's, but then Mexico and Argentina are not as good credit risks as South Africa. Meanwhile, a 14 per cent rise in the interim dividend is about par for the course and the capital ratios remain

strong.
Part of the explanation for yesterday's sllp in Barclays' share price reflects an unease about the consequences of the group's dash for growth. A 28 per cent rise in the balance sheet over the last year is more than three times the growth at NatWest. Lower margins sug-gest that it has been buying market share and the market has yet to be convinced that the relatively low level of provisioning is permanent.

MFI

It is tempting to regard MFI's latest difficulties as symptomatic of leveraged buyouts in general under the Lawson regime. But the real ques-tion is why furniture retailing a business peculiarly vulnerable to high interest rates has figured so prominently in the UK buy-out culture. Lowndes Queensway has already missed its first dividend forecast, and will be lucky to trade at a profit in the current half, and Magnet, now busy firming up its financing, is working on earnings projections which may already be

MFI's risk was compounded from the start hy its integra-tion back into manufacturing, which made it highly geared operationally as well as finan-cially. But the furniture business in the UK — both manu-facturing or retailing — is so fragmented and inefficient that

there is a natural temptation to exaggerate its potential. As with DIY, it may be that growth is there in the long run, and that the problem is only one of demand postponed. But the fact is that the trough in demand is coinciding with the high point of financial

This is not to say that MFI's future is seriously in doubt. As with Eurotunnel, a project this size has the bankers at its mercy. The question is rather what all this will do to the buy-out movement. Not much perhaps; the same bankers' herd instinct which gave us the LDC debt crisis may be at work again. Though rumours of buy-out trouble are no longer confined to the retail sector, the same symptoms have been apparent for some time in the US, with no obvious determined.

Blue Circle

There is some logic, but only some, in Blue Circle's urge to recycle cement-making cash flow into beilding a new empire from gas-boilers and bathroom towel warmers. Intellectually, the reasoning behind its £196m bid for Myson sounds plausible enough. It would be fatuous to urge Blue Circle to concentrate solely on cament, since the UK market is approaching a demand plateau around its 1973 all-time high of 20m tons, and Bine Circle has already tried the alternative of exploiting Third World mar-

Given that Blue Circle now owns the Birmid Qualcast lawnmower and heating business, it cannot be silly to build market share by joining Bir-mid's Potterton gas and oil boilers with Myson's: and there is even the odd synergy, stem-ming from Potterton's cast-iron that the Birmid takeover is altogether too recent for the stock market to alter its gener-ally sceptical view of Blue Circle's ability to squeeze more growth out of companies it

One saving factor is that at 13 times Myson's historic earn-ings, Blue Circle's 240p per sbare is not over-generous as a price for a company which not so long ago was a stock market star performer. This assumes that this bid is the end of the matter: and the fact that Blue Circle could buy 29 per cent of Myson yesterday suggests that the market thinks it may well

Kiszczak elected Polish PM after revolt crumbles

By Christopher Bobinski in Warsaw

GENERAL Czesiaw Kiszczak Jaruzelski, was elected Poland's Prime The Pea Minister yesterday by the out after Communist leaders Sejm, the Parliament's lower reminded them they owed their bouse, after the collapse of a seats to their position as allies revolt against him by Communist and pro-Communist depu-

About 237 legislators voted for the general, who was the Interior Minister since 1981 wben martial lew was imposed, and wbo remains associated with the crackdown in the minds of many Poles, while 173 - mostly members of the Solidarity based opposi-

tion — voted against him.

Under the compromise agreement negotiated earlier this year by Gen Kiszczak and Mr Lech Walesa, the Solidarity leader, there is a built-in 65 per — with equal representation cent majority in the Seim for a for Solidarity and the authorible of "official" parties conties — which would closely sisting of the Communists and two allied groups - the Peas-

ant and Democratic parties.
Last Tuesday, a majority of
Peasant Party deputies and some Communist members said they would vote against Gen Kiszczak, who was nominated by President Wojciecb "umbrella" while talks take

By Gary Mead in Buenos Aires and Robert Mauthner, Diplomatic Correspondent, in London

The restoration of air traffic rights, also severed since the Falklands war, is also believed to be in prospect. British Airways was yesterday reported to be reviewing its flight sched-ules amid the possibility that services to Buenos Aires could be resumed as early as Octo-

Lifting restrictions on UK countries would be conducted in the US and via US mediaexports was a key British pri-ority for the improvement of bilateral relations. The decition, but it is believed that an sion, announced late on Tuesday evening by Mr Domingo Cavallo, Foreign Minister, means that British goods will the disputed sovereignty of the Falkland Islands is in prospect, once again be placed on the same footing as imports from ing the issue under an

The Peasant's revolt fizzled

of the ruling party. The num-ber of Communist dissenters

when it came to the open vote. Observers said, however,

that the Peasant's would con-

tinue to play an important role

in the new Parliament because

neither the Communists nor

Solidarity could command a

majority without their support. Gen Kiszczak is expected to

give the Peasants an increased chare of ministerial portfolios.

Before the vote, Gen Kisz-czak pledged to work with a new parliamentary committee

oversee government policy.
Parliament also voted yester-

Parliament also voted yester-day to set up a special commit-tee to inquire into the record of the outgoing government led by the former Prime Minister, Mr Miczyslaw Rakowski, who is now the Communist Party leader.

was also reduced to a handful

Mr Cavallo said that the removal of the ban is part of President Carlos Menem's aim to eliminate "obstacles which increase private companies' costs and which hinder the possibilities of national devel-

Argentina clears way for talks with UK

He added: "We do not expect any response (from the British Government); we have evalu-ated the situation and consider that It suits Argentine interests to make this announcement at this time."

Britain welcomed the decision, and reiterated its willingness to move to more normal relations with Argentina. A British Foreign Office spokesman in London yester-day described the Argentine decision to lift trade restriction

as "a helpful move." But it refused to give any indication when, or even whether, direct talks would take place. UK officials confirmed, however, that there had been indirect exchanges between the

US, Brazil and Switzerland. Britain also wants to see an end to the Argentine state of hostilities. Britain declared an end to hostilities after the Argentine invasion force was ejected from the islands by the British task force.

Mr Cavallo repeated earlier on Tuesday that Argentina is not about to follow suit. He gave as a pre-condition the lifting by Britain of an "exclusion zone" around the Falklands.

Siemens-Soviet venture

Stemens has signed an outline agreement with the Soviet Post and Telecommunication Ministry to form a joint venture to modernise the Soviet telephone network, writes David Goodhart in Bonn.

It is the second potentially significant deal with the Soviets since the visit by Mr Mikhail Gorbachev, Soviet President, to Germany in June. The earlier agreement was for the delivery of DM 1.5bn (\$806m) worth of Siemens personal computers.

Few details of the telecommunications joint venture years.

have been finalised, but it could represent an enormously valuable sitee of business. Mr Norbert Boecker at the Siemens headquarters in Munich said that details may be avail-able before the end of the year.

It appears that Siemens will be manufacturing its digital switching system - the EWSD -in the Soviet Union, for attachment to the Soviet network. It will also make digitial equipment for local calls.

Siemens often boasts of its long relationship with many different Russian Governments going back over 150

Plessey's rivals begin to close in

Continued from Page 1 276p. GEC closed 2p up at 270p. GEC, Siemens and their mer-chant bank advisers spent yes-terday locked in discussions over when to relaunch a bid and at what price. There seems no serious possibility that they will withdraw from the fray.

Discussions will continue today with Mr Karl-Hermann Baumann, Siemens' finance divertor. Fixing to London

period. It is believed that no decision has been taken but that the mood within the GEC/ Siemens camp is elightly in favour of the quick kill.

An early strike would seek

An early strike would seek to try and stop the upward drift in Plessey's share price. Under this option, a bid could be pitched at a small discount to the current price. Baumann, Siemens' finance director, flying to London.

The main options are to go for a quick kill or to wait until the end of the three-week

The purpose of waiting the full three weeks would be to rattle shareholders' nerves in the hope that the share price would come down.

Continued from Page 1

Israeli commandos on Friday.

The deadline was extended by 48 hours on Tuesday following what the group said had been "friendly appeals".

If Mr Cicipplo is killed, there will be strong political pres-sure within the US for retalia-tion. There is clear impatience

in Congress with the apparent

NEWS REVIEW

BUSINESS

BABT approval for Zonephone

Following the summission by Ferranti Creditphone of Zonephone telepoint equipment for approval by the British Approvals Board for Telecommunications (BABT), it was announced that Ferranti

it was announced that Ferranti Creditphone has met all the technical perfomance requirements for a telepoint system to the full satisfaction of BABT and the Department of Trade and Industry.

The company is in the process of completing the submission of information for the factory approvals which lead to full Type Approval: the green spot. Upon completion of the full Type Approval, production of Zonephone will commence and the Zonephone service will be opened to the public.

Olympus success The Navigation Systems Division of Ferranti Defence Systems provided the attitude sensing gyro units, part of the satellite's attitude and orbit control subsystem which was critical to the successful lannch of the Olympus I communication satellite last month and will continue to control its operations lifespan for a minimum of five years for this first mission.

Briefly...

Amoco's Montrose Alpha oil production platform has had its satellite communication terminal supplied, installed and commissioned on time by the Communication Systems Division of Ferranti Computer Systems. Schwitzer, Ashville, North Carolina has ordered a Ferranti Merlin co-ordinate measuring machine soon after its sister company, Schwitzer Europe took delivery of a similar machine.

---- ADVERTISEMENT -ENERGY MANAGEMENT

Ranger for Belgium

Ferranti Computer Systems into full operation in an easier has delivered the first unit of way in 1992. The project is one its £12m Ranger Energy Management system to CPTE, the Edgium national power generation and transmission replaces an existing Westinghouse control centre and will although become a part of the most modern energy managements, will initially be used by CPTE and a full eather energy managements to generate their and a full eather op ower spuling and will later be used to commission the telemetry outstations ahead of the main system delivery. This, together with the training which it will security and will enable with the training which it will system to evaluate power exchange transactions with the training which it will exchange transactions with the system enabling it to be put European Power Pool.

CADCAM

Mazurka leads the way

Ferranti Infographics has and overlap the design functumented Mazurka — a unique stone in CADCAM technology. Combining power and speed Mazurka offers a much more with a natural user-interface, Mazurka offers a much more parallel design-to-manufacture with a natural user-interface, Mazurka offers a much more parallel design-to-manufacture system.

Developed in response to the increasingly sophisticated demands of the modern manufacturing market, Mazurka a completely natural interface. By adopting common engineering terminology for integrates European draught of use which closely echoes traditional design methods, parametric solid modeller. Mazurka measures the Mazurka measures the Mazurka mests the CADCAM industry's purchasing criteria ture and enforcement of duct causes the manufacturing engineer becomes productive immediately.



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C 17 65 Fibrodes
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F 14 57 Satzburg
C 29 77 Support
C 29 77 Support
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F 13 55 Sydney
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S 29 44 Toroper
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Carlor
Carlor
Condun
Condu 26 42 C-Cloudy Dr-Drizzie F-Fair Fg-Fog H-Hall R-Rain 20 34 S-San Si-Seet Sn-Snow T-Transfer

WORLD WEATHER

Fleet backs diplomacy

Beirut and himself a Moslem, unless Israel releases Sheikh Abdul Karim Obeid, a Shia leader who was kidnapped from southern Lebanon by ineffectiveness of US efforts
Meanwhile, Mr John Kelly,
the US assistant secretary of
state, discussed the bostage crisis with Israeli leaders at the start of a previously-sched-uled visit to Israel.

He said Israel and the US

were co-operating "very closely" on the issue, Israel has rejected US requests to release Sheikh Obeid, But Mr Yitzhak Rabin, the Defence Minister, repeated an Israeli offer to exchange Lebanese Shia pris-oners for Israeli and Western



FINANCIAL TIMES COMPANIES & MARKETS

Thursday August 3 1989



INSIDE

One step forward. one step back



Tadiran, Israei'e top consumar and defence electronics producer, la poised to announce an unexpectedly sharp first-half loss of \$75m, daaling a damaging blow to the . efforts by Koor Industries, its parent; to overcome

huge debts. Officials at Koor — the country's largest industrial concern, which staved off a liquidation threat in early June — said the Tadiran results would turn a prospective break-even performance for the first half into a group loss about equivalent to the deficit at Tadiran. Page 22

Unsung success story

Menganese is not one of the most exciting of minerals. Nor is it particularly wall known. Yet the current world steel boom ie making it: Increasingly important. Chris Sherwell reports from tha island of Groote Eylandt in Australia's Guif of Carpantaria on how one of the world'a largest and most efficiently mined deposit of manganese is boosting the profits of Groote Eylandt Mining Company and its parent BHP, the country's biggest company. Page 38

All the world's a stage



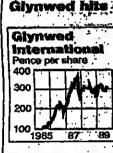
The stage is the first love of Hugh O'Donnell (left), Dublin stockbroker extraordinaire, who likes to use comedy to communicate with foreign colleagues in the tense world of gilt dealing. In between trades, ha studies the script of his next play and plans tha conversion of an old

theatre. For Mr O'Donnell, 41, there seems to be a lot in common between life behind a com-puter screen and life under the spotlights.

Hard line looming

The soft commissions arrangement — wheraby goods and services are provided to clients in exchange for a promise to transact a minimum amount of husiness for which the provider earns a commission — is an increasingly popular, if somewhat controversial, practice in the UK. And, according to the results of a survey conducted by the Securities and investments Board, the rules governing disclosura of these arrangaments are inedequate and widely ignored. As a result there are likely to be tougher rules, writes Norma Cohen. Page 25

Glynwed hits earnings target



Glynwed international, the UK industrial group. yesterday revealed interim results in which standing 20 per cent earnings per share growth target. Glynwed is traditionally one of the first UK manufacturing companies to report half-year results and Mr-Gareth Davies, chairman

and chiaf executive, said economic conditions In the first half had been less favourable than during the same period last year. Page 26

Market Statistics

FT-A world indices

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Money markets
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CH Industrials		Morgan (J.P.)
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Chief price changes yesterday

Irwin Jacobs renews his pursuit of Avon

MR IRWIN Jacobs, the Minneapolis corporate raider and takeover specialist, has renewed his attempt to buy Avon Prodacts, the world's biggest mar-keter of cosmetics and toiletries, the company disclosed yesterday. Avon said in a brief announcement yesterday morning that it had received a letter from Mr Jacobs on Tuesday night, asking for a meeting to negotiate the possible purchase of the com-

pany,"
The letter mentioned a "possible price of \$41 a share for Avon's common stock," although it added that Mr Jacobs had not yet arranged any financing for his offer. At \$41 a share, a bid for Avon would cost around \$2.2bn.

Wall Street remained sceptical about what appeared to be a tentative and conditional approach by Mr Jacobs and analysts predicted that Avon's board would almost certainly refuse to negotiate with him. It has stated frequently that "the company is not quently that "the company is not for sale." Avon said its hoard would review Mr Jacobs' letter today at its regular monthly

today at its regular monthly meeting.

Reflecting investors' scepticism; Avon's ahare price rose only \$1 to \$36½ by yesterday innehtime, leaving an unusually large gap of 12 per cent below Mr Jacobs' reported offer of \$41.

Wall Street's scepticism owes something to the hig losses suffered by arbitrageurs earlier this

year as a result of Mr Jacobs's previous offer for Avon. This was made in partnership with Amwsy, a privately-beld company which, like Avon, relies on a huge and highly-motivated salesforce to distribute its house-bald products door to deep. hold products door to door. Mr Jacobs and Amway offered \$39 a share for Avon and were fiercely resisted by Avon's man-agement, but the bid was widely welcomed on Wall Street.

Industry analysts on Wail Street had pointed out that con-siderable synergies might be achieved by combining the Amway and Avon direct salesforces and extending the range of products which they could offer. Arbitrageurs were enthusiastic

because they believed that other hidders might be drawn into the battle for Avon, possibly pushing the price up towards \$50 or more. Attention focused particularly

Attention focused particularly on Japanese cosmetics companies, as well as Unilever, the Anglo-Dutch consumer products company which recently acquired Fabergé.

Wall Street was stunned, therefore, when Amway and Mr Jacobs abruptly withdrew their offer in mid-May, citing Avon's "hysterical and irresponsible" opposition to the hid as its reason for not proceeding.

for not proceeding.

Avon had filed a series of lawsuits against the bidders, which
included compromising revelations and allegations about the

By Laura Raun in Amsterdam

HOLLANDSCHE Beton Groep,

HOLLANDSCHE Beton Groep, the largest Dutch construction company, has bought Kyle Stewart, the UK's higgest privately owned construction company, as part of amhltious expansion plans ahead of the 1990s.

HBG hopes to boost its relatively flat revenue of recent years and fortify anaemic profit mar-

and fortify anaemic profit mar-gins with the acquisition, which was announced jointly by the two

companies yesterday.

Neither would divulge the purchase price hut securities ana-

lysts reckoned that HBG is paying around £30m-£40m, depending on the premium to be paid above the prevailing market valuations

for the sector, goodwill and possible "golden handshakes" for Kyle Stewart executives. Kyle Stewart, founded in 1953 by Mr Robert Stewart, is involved in the construction of office buildings, public works and supermarkets.

It had profits of £2.49m on turn-over of £114.8m last year. It expects turnover to surge to

expects furnover to surge to £190m this year.

The acquisition will boost HBG's revenue by about 13 per cent-to more than Fl 3.65bn (£1.75bn) this year while UK turnover will double to £360m.

In the UK, HBG already owns

Edmund Nuttall, which it acquired in 1978, and HAM Dredging, which has been operat-

ing since 1928.

HBG already claims to be the most international of Europe's

civil engineering companies.

The deal will take it to 19th

place from 22nd now and its lon-

ger-term aim is to join the top 10.

Its total workforce will rise by about 1,000 to 12,500 through the

Hollandsche

Beton buys UK

building group

husiness dealings of certain Amway executives. Avon also criticised Mr Jacobs as "a well-known corporate raider who has not completed an acquisition for many years or any acquisi-tion for significantly more than

\$500m."
Wall Street analysts supporting
Mr Jacobs pointed out, however,
that a bid for Avon made good strategic sense for the Minnea-polis investor. He already owns Watkins Products, another door to door sales company which spe-cialises in home products. There was also the distinct possibility that Anway might still be interested in acquiring Avon, using Mr Jacobs as an intermediary,

No layoffs are expected at Kyle

The Dutch huilder expects higher research and development

costs in the 1990s and wants a hroader hase with which to

absorb these.

To tap the European single market, HBG plans to expand, through takeovers and organic growth, in the UK and West Ger

many nntil turnover there

many nntil turnover there matches that of the Netherlands, Revenue in the Netherlands and Belgium will also be raised. HBG is engaged in general and industrial building and housing, civil engineering, offshore structures, dredging, property development, oil and gas exploration and manufacture of industrial equipment and boilers.

These activities are expected to mesh well with those of Kyle

mesh well with those of Kyle Stewart, which also specialises in boiler installations.

The Dutch company will pay cash to the three owners of Kyle Stewart: Mr Stewart, the founder, Mr Sydney Morris; and Mrs Greta Fenston. These three directors have resigned while Mr John Trussler, managing director, will retain his post.

HBG intends to finance the acquisition out of each flow and

acquisition out of cash flow and

commercial borrowing, with no

need for fresh equity.

The interest rate burden may

increase but securities analysts

consider the balance sheet healthy enough to absorb the

The Dntch concern is still involved in an imbroglio with

Volker Stevin, a rival Dutch con-

struction and dredging group, which is fighting off HBG's

Barclays mid-year profits drop 8%

By David Barchard

BARCLAYS, the largest UK clearing bank, yesterdey followed Lloyds and National Westminster in declaring mid - year profits lower than last year after heavy provision against Third World debt. However Barclays' profits have dipped much less sharply than those of its two rivals because it has been able to keep its provisions at the rela-tively low figure of £233m

tively low figure of £233m (\$386m).

Lloyds last week set aside £483m, while NatWest's total provisions announced on Tuesday reached £585m. As a result Barclays' pre-tax profits are down by only 8 per cent at £590m while NatWest's profits fell by half

fell by half.
The lower amount of provi-

The lower amount of provisioning reflects the difference between Barclays' loans to developing countries of £1.98bn and NatWest's £2.8hn.

Without the charge for bad debts, Barclays profits would have grown by 28 per cent compared to NatWest's 13 per cent. However Barclaycard, formerly a star performer in the group, is star performer in the group, is

star performer in the group, is faring badly this year.

Mr John Qninton, Barclays' chairman, said the hank had now provided against 48 per cent of its Third World deht and be hoped this would be the last time that large provisions were necessary as emosed to 'modest topsary, as opposed to "modest topping up."
Though Barclays says it has

taken lts provisions against problem country debt to exactly the same level as NatWest and Lloyds, its provisions do not cover its £577m exposure in Sonth Africa.

Mr Quinton sald provisions against South African debt were against South African debt were unnecessary. A 48 per cent provi-sion which included this would be "absolntely robbing the share-holder," he said. He added that there had heen no collusion between the large banks in selecting levels of debt provision. Mr Quinton echoed hesitations expressed by Lord Boardman, NatWest's chairman, on Tuesday

about the Brady Plan for reduc-ing Mexico's debt burden by a 35 per cent discount. "There are considerable wor ries about the Brady Plan," Mr Quinton said, urging that gov-ernment hodies and interna-

tional agencies "should take their share of the pain" of deht relief alongside the banks. Barclays' credit card profits tumbled from £49m a year ago to £19m, partly hecause of increased competition from other hank cards. Lex, Page 20

MFI sounds out bankers on possible further loans

By Stephen Fidler and Maggie Urry

THE LARGEST management buy-ont yet completed in the UK has hit problems because high interest rates and the hot summer have combined to bring about a sharp drop in furniture

MFI, the furniture retailer. which was the subject of a £718m leveraged, huy-out by manage-ment in November 1987, is talking to its bankers about the possibility of raising further

Bankers are not questioning the future of the company. But they say the development shows the vulnerability of the contro-versial leveraged buy-out tech-nique to trading downturns, par-ticularly when it is applied to cyclical industries where compa-nies' incomes are highly variable: "This is not the end of the road,

but you can bet banks are going to look more closely at this kind of of deal in future," one banker

of of deal in little, chair-said yesterday.

Mr Derek Hunt, MFI's chair-man and chief executive, said yesterday that the company was faring better than many of its Leveraged buy-outs are take-

over financings which rely on the creation of large amounts of debt to be paid off by a company's The extent to which MFI was

missing its sales targets was made clear at a meeting of the hank creditors last

According to bankers at the meeting, company sales were running at 82 per cent of the planned level for the current financial year which began on

May 1. Mr Hunt declined to comment on the figure.

MFI has already announced it

is cutting 1,200 staff to cut costs. In spite of this, trade creditors are being stretched to their lim-its, and a large interest payment to banks is due in the middle of this month.

Bankers said the extra cash which MFI might need was small at perhaps £30m and no decision had been taken on how it would

The buy-out was financed by £190m of equity and the balance in loans syndicated to more than 25 banks hy the London office of Chemical Bank of New York. MFI's former owner Asda, the food retail group, retained a 25 per cent equity stake in MFI and is involved in the talks.

The heat is on in the British buy-out kitchen

Stephen Fidler and Maggie Urry on MFI's difficulties

hy MFI, whose £718m (\$1.18bn) leveraged huyout is still the largest completed in the UK, contain at least two important messages for other British companies.

The first shows that the high

interest rates policy of Mr Nigel Lawson, the UK Chancellor of the Exchequer, is biting as consum-ers scale back purchases of bigticket items for the home. The second sends a warning signal about the dangers of corporate financings in cyclical sectors which rely heavily on leverage, the creation of lots of debt.

"If Mr Lawson is hitting his target, retailers like MFI are missing theirs," said one banker

Nobody close to the company, including its bankers, believes MFTs difficulties are life threatening. The company, its creditors and shareholders are examining its financing arrangements to help it overcome its immediate problems.

With staffing levels pared back significantly to reduce costs, some trade creditors are said to be at the limit of their tolerance for further delays. An interest payment due to banks on August 16 must also be made.

National Westminster is under-stood to have agreed to a tempo-rary increase in the company's overdraft but it is not yet decided beyond that how the company's cash shortfall will be resolved. It is certainly in the interest of both banks and equity holders to ansure the company's survival over what the company is saying should be a short-term problem.

The banks are over a barrel here. They're not going to risk 2500m for the sake of a few million more," a banker said.

A hridging loan from some lending banks is a possibility, until an injection of further long-term funds is accomplished. The issue of 220m to £30m of new equity has been considered, although there may also be some new convertible or subordinated

The MFI management buy-out in November 1987 followed a somewhat fruitless period of ownership by Asda, the food retail group which had bought the them greated MFI in 1995 then-quoted-MFI in 1985 as a diversification move. Asda retains a 25 per cent equity stake in MFI, which it had planned to sell over a period following MFI's expected return to the stock mar-

. MFI was once a by word for cheap, flat-pack, self-assembly furniture sold in warehouse style stores. But about the time of the buy-out it changed its marketing tack to move its image up-market, under the slogan "take a look at us now", following the deliver consumer assirations of rising consumer aspirations of the 1990s.



Under pressure: John O'Connell, MFI group managing director (left), with Derek Hunt, chairman

For the first year following the buy-out the continuing consumer boom and the new image helped MFI to show strong rises in prof-its, beating the buy-out targets

comfortably.

Last November, MFI bought Schreiber, a maker and retailer of more up-market kitchen and bed-room furniture, for £35m - the idea being to extend the range of customers to which the group's products appealed. The move was not in the buy-out plan, but trading was sufficiently strong at the

Even in January of this year, reporting interim results, Mr Derek Hunt, MFI chairman, was saying that business had so far been unaffected by the rise in

interest rates.
Soon afterwards, trading conditions worsened, and sales in the last quarter of the year to April were poor.

Annual results for the year to the end of April revealed a drop in profits in the second half, with in profits in the second haif, with operating profits for the year, at £918m, missing the buy-ont target of £100m. Mr Hunt sees it as almost inevitable that profits will ha lower again this year, although he is confident that operating profits will exceed the

interest charge.

When a retailer's sales turn down it has a severe effect on-margins because of the high level of fixed costs. MFI says it took action quickly, starting on March
1. It clamped down on costs, reducing shop staff numbers mainly through natural wastage and in the Hygena and Schreiber manufacturing units not re-employing temporary workers when their contracts expired. Improved stock control has cut stocks by 25m, with much more expected

by the year end. MFI and Asda both stress that the MFI business is fundamen-tally sound and that, once trading picks up, the margin equation should work the other way with profits recovering fast. The store-opening programme has not been reduced from the

plan in the buy-ont, and the group is this month launching a range of Schreiber bedroom fur-niture which it believes will prove popular.

However, the difficult trading has inevitably delayed the reflotation of MFI, from the most optimistic timing of this autumn.
Until the Chancellor of the
Exchequer, Mr Nigel Lawson,
cuts interest rates MFI will
remain under pressure.

High interest rates not only reduce consumer spending, they also affect highly-leveraged deals hy pushing np the cost of the company's floating rate borrowings. MFI has, however, been able to place a cap on some interest costs. est costs.
MFT's difficulties are not likely

to hring sbont an end to the leveraged buy-out phenomenon in the UK, but bankers say a reexamination of their exposure, particularly in the UK home retailing sector, is in order. Four of the largest buy-onts - Waring and Gillow, Lowndes Queensway, MFI and Magnet - have been in this sector, and questions will be asked about whether such a cyclical business is appropriate for these deals, which must rely on the certainty of cash flows.

All this will increase the nervousness of those now raising finance for the £630m leveraged buy-out for Magnet, the kitchen retailer. However, some bankers say they like the Magnet deal better, in part because it is better structured than MFI's.

One important difference between the Magnet and MFI deals is the amount of so-called mezzanine finance - a cushion of debt ranking below the senior secured loans and just above the equity. The Magnet deal contains £190m of mezzanine, a record at the time it was launched.

A bigger mezzanine tranche say some bankers, would have made senior lenders much more secure in MFL Indeed, one possibility might be to inject a new level of mezzanine-type finance

Smaller listed and quoted companies

Equity finance available for expansion, acquisitions and reconstructions



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Koor threatened by \$75m loss at Tadiran subsidiary

By Hugh Carnegy in Jerusalem

TADIRAN, Israel's top consumer and defence elec-tronics producer, is poised to announce an unexpectedly sharp loss of \$75m for the first six months of this year, dealing a damaging blow to the efforts by Koor Industries, its parent,

overcome huge debts.

Officials at Koor - the country's largest industrial concern, which staved off a liquidation threat in early June—said the Tadiran results would turn what they had hoped would be a break-even performance for the first half into a group loss about equivalent to the Tadiran loss. Losses last year at trade

union-owned Koor were just over \$200m.

The officials said foreign and domestic creditors, including Bankere Trust of New York which last year initiated a move to wind up Koor because of doubts over its ability to service its \$1.25bn debt, had been informed of the Tadiran position. The losses were not foreshadowed in the consolidated results for 1988 produced to coincide with a recovery plan agreed with the banks to avert

An important concern is to

avoid breaching a three-to-one debt/equity ratio above which some \$100m-worth of bonds issued by Koor in the US could be called in.

The Koor officials said The Koor officials said options being considered included selling off Tadiran, which before the latest loss came to light had a book value of \$240m. This would dramatically reduce Koor in size, as Tadiran accounts for about \$900m of Koor's \$2.5bn annual sales.

Until recently, as part of its recovery plan, Koor intended selling a half-share in Tadiran. But Mr Benjamin Gaon, Koor chief executive, said yesterday: "I prefer to sell all those com-panies which are not helping

to serve the debt of Koor." Tadiran's new management. brought in this year by Koor as part of its house-cleaning oper-ation, will explain to the board of directors next week that pre-vious overestimates of the performance of the company's military communications division led to a \$30m operating loss in the first half.

They will also recommend a \$45m one-time write-off mainly to cover a dramatic restructuring of the communications

INTERIM REPORT FOR THE SIX MONTHS TO JUNE 30 1989 AND DIVIDEND NOTICE

The unaudited attributable profit for the six months ended June 30 1989, after providing for depreciation of R20 311 000, normal tax of R91 476 000 and deferred tax of R42 216 000 was R170 154 000 compared with R43 469 000 for the same period in 1988.

As a result of the strong cash flow, the groop's net cash position was R185 424 000 at the end of June 1989 compared with net borrowings of R54 315 000 at the end of December 1988. Consequently, the net interest earned was R225 000 compared with financing charges of R13 165 000 for the same period last

Earnings per share increased to 237.2 cents, compared with 61.0 cents in the first six months of 1988. The board has decided to pay a normal interim dividend of 30 cents per share and an extraordinary interim dividend of 20 cents per share, making a total interim dividend of 50 cents per share (1988: 14 cents), payable in October 1989 at a cost of R35 870 493. The extraordinary dividend relates to the

Demand for all of the group's products remained firm throughout the period and, as a result, plants operated at capacity. US dollar prices for the group's export products, with the exception of ferrosilicon, increased significantly through the first half of the year, resulting in record profit margins.

Following the record world apparent steel consumption of 783 million tons in 1988, demand for steel worldwide continued to grow. As a result, Western World steel production in the first six months of 1989 showed an increase of 3.7 per cent over the same period in 1988. US dollar prices for steel products continued to increase during the first half of the year.

In South Africa the consumption of steel levelled off, although sales of Highveld's flat products were satisfactory. Demand for structural steel products in the local market remained weak, but this was offset by improved export markets.

world variability matters remained stong intrognitie instrain of the year with record spot prices for variadium products. In response, and for the first time, Highveld introduced a surcharge on the base price for its variadium sales. The demand for, and price of, manageness ferro-alloys continued to increase, resulting in an exceptional financial performance from Transalloys. The price of ferrosilicon declined in the second quarter, but sales were sufficient to ensure that Rand Carbide continued to operate at capacity throughout the period. Rheem continued to perform well and results were above

In January 1989 Highveld, together with Samancor, formed a joint steering committee to examine a major stainless steel project. A full feasibility exercise has been commissioned and will be completed before the year end. Should the project appear viable, it is intended that Highveld and Samancor will form a joint venture to proceed with the development. Consideration is being given to the introduction of

OUTLOOK
Consumption of Highveld's export products is expected to remain firm through the second half of
the year, although US dollar prices for vanadium and ferrosilicon will be lower than the record levels
achieved during the period under review. Export prices for steel and manganese ferro-alloys are
expected to be similar to those obtained in the first half of the year and the lower prices for vanadium and
ferrosilicon will, to some extent, be offset by a weaker rand. The local demand for steel is expected to
remain at the same level as the first six months. Barring unforeseen circumstances, earnings in the
second half of the year should at least equal those achieved in the first half.

Capital expenditure in the six months to June 30 1989 amounted to R36 707 000 (1988: R4 502 000) and the total commitment in respect of further capital expenditure was R149 512 000 at June 30 1989 compared with R179 367 000 at December 31 1988. The major capital schemes, costing R167 million, covering the pelletising plant in the iroo and steel works, the fifth silico-manganese furtace at Transalloys, the additional kiln at Vantra and the upgrading of the ferrosilicon furnaces at Rand Carbide, are progressing on schedule, and should all be commissioned during the 1989-1990

The Angio American Group Employee Shareholder Scheme continued in 1989 and 5397 employees accepted the offer of five Angio American shares. This represented 90.3 per cent of the 5980 eligible employees to whom the offer was made. In terms of the agreement covering the scheme, 135 696 'S' ordinary shares in the capital of Highveld were allotted to Angio American Industrial Corporation Limited in payment for the sbares in Angio American Corporation of South Africa Limited issued to the participating employees.

World vanadium markets remained strong through the first half of the year with record spot prices

high profits earned as a result of exceptional export prices for certain of the group's products.

(Incorporated in the Republic of South Africa)

Registration No. 60/01900/06

- total

CONSOLIDATED INCOME STATEMENT

Net profit attributable to Highveld shareholders

Number of ordinary shares in issue at end of period

Earnings per share (cents)
Interim dividends (cents)— normal
— extraordinary......

Final dividend

operate at capacity throughout the expectations for the year to date. STAINLESS STEEL PROJECT

CAPITAL EXPENDITURE

STAKEHOLDER SCHEME

STEEL AND VANADIUM CORPORATION LIMITED

30.6.89 Unaudited R'000

303 846

71 740 986

division, including about \$15m to cover unsalable "dead

stock. Spending cuts by Israel's Ministry of Defence have been blamed for many of the prob-lems in the previously highly-profitable military communicasaid they were anxious to find out how its sales had been projected at \$180m this year as recently as two months ago, when it was now clear they might not exceed \$100m.

Last year Tadiran, in partnership with General Dynamics with the control of the control of

ics of the US, won an impor-tant contract to snpply ground-to-ground communica-tions systems to the US Army, but the benefits of this have

not yet fed through.

The new problems from Tadiran were the last thing Mr Gaon needed as he struggles to persuade his creditors that Koor can be made viable again and at the same time to persuade his workforce to accept the wage cuts and redundan-cies his restructuring plan

He said: "My intention and my policy is that I am not going to cover up any of the figures."

Year to 31,12.88 Audited R'000

1 189 389

224 523

103 000

121 469

71 370 990 170.6

30.5.88 Unaudited R'000

499 075

68 998

25 529

14.0

71 241 590

Toyota to conduct a cultural revolution

By Kevin Done, Motor Industry Correspondent

TOYOTA, Japan's leading car maker, is radically restructur-ing its personnel and management systems with the aim of speeding up decision making and removing bureancratic constraints.

It is aiming to make the company, the most profitable in Japan and the world's third

Toyota is currently establishing an ambitious overseas production base in both North America and in West Europe.

The streamlining of the constitution of the constitu

of the parent company's 68,000-strong workforce. Toyota said that two layers of middle management would be

At the same time the com-pany is planning to spend Y100bn (\$737.5m) over the

ties. The company, previously

According to Mr Sholchiro

respond flexibly to changing circumstances would be greatly improved. Toyota said that it would

form around 500 new depart-

cultural revolution the company said it was planning

tise the workplace" and drop the old honorific titles used for senior staff such as kacho or

to simply with the suffix san, meaning Mr or Ms.

largest auto maker, more flexi-ble as it rapidly expands its global operations and faces increasingly fierce competition in its domestic market.

pany will affect around 25,000

completely removed from the anthorisation process, which in most cases would halve the number of approvals required.
It said it was planning to switch about 1,000 middleranking managers from line management or purely super-visory positions to become involved in "the process of creating and doing hands-on

next four years to improve working and living conditions for all employees.

Toyota said it would invest

in new recreational facilities, company housing for both married and single employees, dining rooms and other facili-

known for its conservative management methods, said the restructuring would "greatly streamline decision-making and anthorisation systems and enhance organisational flexibility" at all of its administrative and engineering offices in

Toyoda, Toyota president, the changes were being made "in order to keep pace with rap-ldly changing social condi-

The company's capacity to make quick decisions and

ect-based groups within around 140 existing divisions which were "previously rigid and highly centralised." As part of a management

to give greater weight in per-sonnel evaluations to performance rather than age and seniority. It is expected to "democra-

Employees will be referred

California insurers to repay \$305m

US INSURANCE companies were yesterday trying to coma to grips with a demand by Cal-ifornia's insurance commis-sioner that they refund over

Stoner that they related over \$300m to their customers. The order, which was made by the commissioner on Tues-day, marks the first move by the state to execute the comthe state to execute the compulsory premium rate cuts voted by Californians under Proposition 103.

But the commissioner's order was highly qualified and insurance companies said they

referendum last November, have been given the chance to

have been given the chance to justify their rates in public hearings later this month.

Ms Roxani Gillespie, the state insurance commissioner, ordered seven companies to return \$305.8m to policyholders. The companies are Allsate, State Farm Fire & Casualty, Safera 20th Campanies Indus. Supreme Court apparently barred the insurance commissloner from ordaring the so-called "rollbacks" where they would deprive companies of a "lair rate of return."

insurers must reduce property/ casualty premium rates by 20 But in June, the California

It was the rising rates of car insurers which most infuriated the Californian voters. Most of these companies claim they are losing money.

In the insurance business In the insurance business, many companies underwrite at a loss hoping to recover their costs from meome gained on investing the premiums. Ms Gillespie was reported as saying that her own analysis showed these companies were indeed losing money on caringurance and refunds on caroniculating mere and likely to be policies were not likely to be

large.
Ms Gillespie told the insurers she would like to hold public hearings on their premium rates by the end of this month.

USX forecasts

lower sales in

SALES of USX, the US energy

and steel group, are expected to be lower in the second half than in the first half of 1989,

according to Mr Charles Corry, chalrman and chief executive

In the first six months of the

year the group recorded sales of \$9.42bn. Mr Corry, who

second half

agencies report.

Inspiration to pay first dividend

By Kenneth Gooding, Mining Correspondent

INSPIRATION Resources, the North American natural resources group 56 per cent owned by Minorco, part of Mr Harry Oppenheimer's South African empire, is to pay its first dividend since it was set

up in 1983. It will pay regular, quarterly dividends of 3 cents a share.

The first payment of 6 cents –
to cover the first and second
quarters of this year – will be
made on September 15, Inspira-

By John Elliott in Hong Kong WORLD International, the top

WORLD International, the top holding company of the Hong Kong property, transport and hotels empire controlled by Sir Yue-Kong Pao, increased its consolidated profits before extraordinary items for the year to March by 22.7 per cent to HK\$508.3m (US\$103.6m).

Turnover amounted to HK\$2.10bn, which the company says is 37.1 per cent up on last

says is 37.1 per cent up on last

year's figure after adjustments for acquisitions and disposals.

There was an additional extraordinary profit of HK\$38m

record sacond-quarter net income of US\$36.2m, or 54 cents a share, compared with \$30m, and 46 cents, in the same

months last year.

The record was achieved in spite of the sale of the Inspiration Consolidated Copper subsidiary to Cyprus Minerals for \$125m last July. Last year's second-quarter included operating income of \$10.4m from the copper company. The sale reduced Inspiration's second ion says. quarter revenue to \$608.8m The company also reports from \$522.2m.

from the disposal of long-term

World, 65 per cent owned by Sir Y.K., has a 40.1 per cent stake in Wharf (Holdings)

which the previous day announced a 10.4 per cent increase in profits after tax

and minority interests to HK\$1.11bn. It also has 36.6 per cent in Hongkong Realty and

Trust, 50 per cent in Omni Hotels and 100 per cent of Wheelock International

Mr Peter Woo, World's chair-man, said yesterday that fol-

 Asarco, the largest US metal refiner and smelter, is tha latest natural resources group to adopt a "poison pill" plan. It says this will "deter coercive takeover tactics and prevent an acquirer from gain-ing control of the company without offering a fair price to

without onering a fair price to all shareholder."

The "shareholder rights plan" will involve the declara-tion of preferred stock pur-chase rights as a dividend at the rate of one right for each common share held in August.

lowing the recant events in

China, "one cannot expect val-ues in property and stock mar-kets to return to previous lev-els in the immediate future."

Recovery of Hong Kong's general retailing and hotels business would greatly depend on tourist arrivals in the coming peak season of September and October.

A final dividend of 12.5 cents

its, 14.9 per cent more than

per share was proposed, making a total for the year of 17

cents, 14.9 last year.

of \$9.42bn. Mr Corry, who declined to comment on earnings, said the steel industry's second half was typically quieter than the first half. Orders for some products, including structural and hot-rolled steel, had already fallen, he said.

Mr Corry said USX's sales were influenced by factors over which the company has no World International lifts profit 22.7%

which the company has no control, such as Oper's influence on oil prices. He added that orders for tribular steel products continued to be slow products continued to be slow during the first half. Plate, cold-rolled and tin plate prod-nots, however, were doing well. Mr Corry told a press conference that USK had not received an acceptable hid for its stant unit.

its steel unit. It had no specific strategy to sell the unit, but would do so if the right opportunity came along. he said. The company has previously announced its willingness to sell 30 per cent of its steel operations.

Elkem boosted by strong demand and high prices

By Karen Fossil in Oslo

ELKEM, the world's biggest supplier of ferroalloys and sili-con metal, posted a four-fold ucts fell increase in first-half pre-tax NK403m. profits before extraordinay items to NKr873m (\$127.4m), from NKr215m a year earlier, helped by strong demand and

the year would be affected by a weakening in world ferrosili-con prices due to new capacity coming on stream.

The Norwegian company's operating profit more than doubled to NKr926m at the half-year, split almost equally between the first and second quarters. Turnover grew 21 per cent to NKr5.39hn. Elkem Aluminium also achieved record half-year profits.

Half-year turnover for core businesses rose with ferrosilicon recording a NKrl.677bn tnrnover; manganese NKr1.643bn and aluminium NKr981m. Materials turnover

also rose to NKr684m in the period though finished prod-ucts fell to NKr325m from

Elkem said programmes to improve productivity to save NKr700m a year were proceedhelped by strong demand and ing according to plan. The high prices.

But Elkem warned that profitability in the second half of cent from 25 per cent in the course of 1989. A NKrL46bn modernisation and expansion of Elkem Aluminium was completed in mid-June, while performance of new smelters had exceeded expectations. Elkem said it is considering relocating its North American research activities to Pittsburgh, at a cost of NKr30m, to achieve optimal integration and co-ordination of research and pro-

duction. The group added that carbon, microsilica and environmental engineering represent growth areas with significant synergies in relation to the group's core businesses.

MURRAY UNIVERSAL, SICAV Registered Office: Luxembourg, 14, ree Aldriagen
Commercial Register: Luxembourg, Section B No 8.621

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Shareholders of MURRAY UNIVERSAL SICAV, will be held at its registered office at Luxenbourg, 14, rue Aldringen, oir August 11th, 1999 at 15,00 o'clock for the purpose of considering and voting upon the following matters:

1. To home and accept:

a) the management record of the purpose of th OF SHAREHOLDERS

To hoar and accept:

a) the management report of the directors

b) the report of the auditor,

To approve the seatement of assets and liabilities and the management of operations
for the year ended March 31st, 1989 and to consider declaration of dividend,

To discharge the directors and the auditor with respect to their performance of
duties during the year mided March 31st, 1989.

To elect the directors to serve until the next annual general rocking of
starspolders.

5. To clock the miditor to serve until the most annual general meeting of shareholders.

The shareholders are advised that no quorum for the statutory general meeting is required and that decisions will be taken at the majority of the shares present or represented at the meeting.

In order to take part at the statutory mosting of August 1 th 1989, awners of bearer shares in Japan Postfolio and American Portfolio will have to deposit their shares five clear, days before the meeting at the registered office of the Fund, 14, rue Aldringen, Leocrabourg, or with one of the following banks:

BANQUE GENERALE DU LUXEMBOURG S.A.

LUXEMBOURG

CLYDESDALE BANK LIMITED

Owners of bearer shares in Pacific Portfolio will have to deposit their shares five clear days before the meeting at the registered office of the Fund 14, rue Aldringen, Lucenbourg, or with the following bank:

BANQUE GENERALE DU LUXEMBOURG S.A.

The Board of Directors

The Blackstone Group L.P.

August 1989

PepsiCo, Inc. Walkers Crisps Holdings Limited **Smiths Crisps Limited** 4. 4. 4. 4. We assisted in the negotiations and acted as advisor to PepsiCo, Inc. in the above transaction.

DECLARATION OF DIVIDEND NO. 30 (INTERIM)

A total dividend oo. 30 of 50 cents a share, being the interim dividend in respect of the financial year to December 31 1989, has been declared payable on October 20 1989 to ordinary and 'S' ordinary shareholders registered in the books of the corporation at the close of business on September 8 1989. The total dividend consists of a normal dividend of 30 cents and an extraordinary dividend arising from exceptional export prices for certain of the corporation's products of 20 cents. The dividend is declared in the currency of the Republic of South Africa. Dividend warrants will be posted from the office of the transfer secretaries oo or about October 19 1989.

Any change of address or dividend instruction to apply to this dividend must be received by the corporation's transfer secretaries not later than September 8 1989. Shareholders must, where necessary, have obtained the approval of the South African or any other exchange control anthorities baving jurisdiction in respect of such instructions.

The sbare transfer register and register of members will be closed from Saturday September 9 to Saturday September 23 1989, both days inclusive. In terms of the Republic of South Africa Income Tax Act 1962, as amended, non-resident shareholders' tax will be deducted by the corporation from dividends payable to those shareholders whose addresses in the share register are outside the Republic. The effective rate of non-resident shareholders' tax is 15 per cent.

The abridged unaudited consolidated income statement of the corporation and its subsidiaries for the half year to June 30 1989 is contained in the above interim report of the corporation for that period.

For and on behalf of the Board L. Boyd (Chairman) Witbank August 2 1989 J. Hall (Managing Director)

Registered Office: Portion 29 of the farm Schoongezicht No. 308 J.S. Transfer Secretaries: Consolidated Share Registrars Limited 40 Commissioner Street Johannesburg, 2001 (P.O. Box 61051, Marshalltown, 2107) (P.O. Box 111, Witbank, 1035)

INTERNATIONAL COMPANIES AND FINANCE

Erbamont's profits down 19% at halfway stage By Alan Friedman in Milan ERBAMONT, the Wall Street quoted pharmaceuticals manufacturer that is 72 per cent owned by Mr Raul Gardini's son said it planned to offer son said it planned to offer cash and warrants to minority cash and warrants to minority involve recently involve recently involve recently involve recently involve recently involve recently involve.

ERBAMONT, the Wall Street research and development of to sell later at a higher price." Montedison group, yesterday reported an 18.9 per cant The state of the s decline in net profits for the first six months of this year, to

29.7m. The fall comes amid a flurry of curiosity and criticism on Wall Street over Mr Gardini'a latest attempt to buy out minority shareholders in Mon-

X forecase

er saies in

12

tedison subsidiaries quoted on the New York Stock Exchange. Erbamont's profit was struck on net sales of \$471.1m, up from \$42m in the first half of last year. The profits decline, according to the company, reflected the "negative impact" in the US of the introduction of generic drugs that are competing successfully with Erbamout's Advianticia anti-cases. mont's Adriamicin anti-cancer

Erbamont also said its prof-its were diminished by "conspicuous investments in the

investors who control the 28 per cent of Erbamont that is quoted in New York.

The Montedison offer, com-prising \$35 per Erbantont share plus a warrant to buy Montedi-son stock that the company values at \$2, has already been criticised by some US analysts and Erhamont investors as inadequate Mr Michael Metz, a portfolio

manager and analyst at Oppen-heimer in New York, said he considered the Erbamont offer low. "I don't think they're pay-ing very much for Erbamont. I much more, and for a strategic buyer they could be worth as much as \$60."

Mr Metz added that he

thought it possible that "Montedison might be seeking to buy up Erbamont now in order

stressed that some depart-

ments would continue to grow significantly while others

shrank. Two operations selected for particular expan-aion were underwriting and

trading in US corporate debt

securities and financial advi-

sory servcies around the world, Morgan said. Morgan expanded aggressively in 1986 and 1987, increas-

ing its staff by about 2,225 peo-ple or 17 per cent. In 1988 its headcount was cut by 368 peo-ple and reductions accelerated in the first half of this year.

.: Morgan : has : meanwhile

realigned its European operations Mr Eric Bourdais

de Charbonniere, who was pre-viously Morgan's European

regional manager, is assuming

responsibility for the compa-

ny's private banking in Europe

A pan European advisory group; headed by Mr-Walter Gubert, and a pan-European

financing group, with Mr Mich-

and the Middle East.

Montedison has denied previ-ous rumours that it wished to

Oppenheimer was itself recently involved in a battle with Mr Gardim, having held a key 52 per cent stake in Ansimont, tha New York-quoted specialty chemicals subsidiary of Montedison that was the subject of a Wall Street row a few months ago when Montedison made an offer for the minority stock in Austmont that was deemed too low by US

Mr Gardini agreed to buy out Oppenheimer last month at a price that included an extra \$5m payment for what Monted-ison termed "reimbursals of

in the Austmont saga several wall Street investors accused Mr Gardini of trying to ride roughshod over the interests of minority investors. Among those who were critical of Mr Gardini was Mr James Har Gardini was Mr James Har



Raul Gardini: under fire from Wall Street analysts

mon, chairman of Wertheim Schroder and one of the independent Ausimont directors who rejected the original Montedison offer. .

Mr Harmon is now advising Mr Gardini on the Erbamont offer and on a separate offer by Montedison to buy up the 19 per cent not owned by Monted-ison in Himont, the Wall Street quoted polypropylene maker. Mr Harmon claimed earlier this week that tha \$35 cash offer for Erbamont stock and the \$47 cash offer for Himont stock, plus warrants, were fair and that "this is the best way of getting US investors out."

HANOMAG, the Hanoverbased construction equipment group, has confirmed that Komatsu of Japan, the world's second largest construction equipment company, has hought 24.9 per cent of its equity, writes David Goodhart in Bonn.

Pearling elegenace from West

Japanese concern intends to take a majority stake. Cost of the deal was not revealed.

Komatsu, which currently has no manufacturing base in Germany, bought its stake off the brothers Mr Horst and Mr Helmnt Gassmann, leading members of the group of entre-preneurs which took over Han-omag after the demise of its predecessor, a subsidiary of

brothers will hold about 40 per cent of the equity, most of which is also expected to go to Komatsu. All Hanomag board members are expected to

 Banque Indosnez, the French bank, said yesterday that the rescue of Al-Sandi Banque had been finalised fol-lowing the takeover of the troubled bank by a new Banque Indosuez anbsidiary, AP-DJ reports.

Tha controversial rescue operation, put together hy French banking anthorities, followed the collapse last Octo-ber of Al-Sandi, a Paris-based bank owned by private Saudi

Sandi and changed its name to Banqua Française de l'Orient. The unit's capital hase has been strengthened through an injection of new funds that hoosted its net worth to

100 per cent from 83 per cent. The Swedish company said it wanted to become sole owner of Deltec because of its expand-ing drug delivery business in the fields of inflammatory and

tumour diseases.

Counter-bid launched for Myson

A STRUGGLE for control of Myson Group, the UK boiler and radiator manufacturer, broke out yesterday as Blue Circle, the cement and home products company, launched a £195.7m offer for the company and raided the stock market to buy 29 per cent of its shares.

This move follows a £180m agreed bid announced nearly two weeks ago by Yale and Valor, the security and home products group. Myson's directors withdrew their recommendation of Yale and Valor's offer after agreeing to Blue Circle's bid at 1 am yesterday.

Blue Circle quickly moved to consolidate its position by buy ing Myson shares in the open market and its brokers. Rowe & Pitman, bought a 29 per cent stake in the space of 25 min-ntes at the offer price of 242 kp a share. Together with a 0.5

By John Barham in Sao Paulo

COMPANHIA Vale do Rio Doce

(CVRD), Brazil'a largest min-

ing company, is to spend \$4.2bn between 1989 and 1995

on new projects and diversify-ing away from iron ore. Iron ore, once its only product, now

accounts for only 40 per cent of its \$2.50n annual sales. CVRD said the investments

would concentrate on existing

aluminium and paper and pulp projects with Brazilian, Ameri-

can and Japanese companies.

The federally-owned com-

SIEMENS, the West German

Arco Solar is a manufacturer

of photovoltaic products, with

1988 sales totalling about \$30m.

Photovoltaics convert sunlight

into electricity and are used for

remote and specialised power

The company, which employs about 400, has its headquarters and manufactur-

ing facilities in Camarillo, Cal-

ifornia. Arco Solar will be oper-

ated in conjunction with

requirements.

Siemens Solar.

per cent stake bought last week, Blue Circle now holds 29.5 per cent of Myson's shares. cent stake in Myson.

Yale and Valor yesterday said it regretted Myson's deci-sion to change its recommen-dation. But Mr Jeoff Samson, managing director, said Yale and Valor would not withdraw its own offer or determine its final course of action until the views of the Office of Fair Trading were known.

Myson's recommendation of

Blue Circle's offer is subject to its clearance by the OFT.
Yale and Valor suggested clearance was far from a formality, saying that Blue Circle's offer raised material competition issues in the UK gas boiler and oil boiler markets.

But Blue Circle said it did not expect any difficulty, although

pany is putting \$1.6bn into

three paper and pulp projects in conjunction with private

Japanese and Brazilian inves-

tors, who will put up a further

The expansion will raise out-

put considerably, to more than

im tonnes a year from present 160,000 tons a year. The group also plans to put

\$927m into two Amazon aluminium processing units with

Japanese, Canadian and Brazil-

Brazilian group to invest \$4.2bn

it conceded that the combined market share of Blue Circle and Myson in the domestic boilar market would be about

Mr Jim McColgan, Blue Cir-cle's chief executive, said Blue Circle had identified Myson as a possible acquisition over a year ago. "The offer we have made has nothing to do with Yale and Valor's bid. The timing is purely coincidental." he said. Last October. Blue Circle bought Birmid Qualcast, tha Potterton business of which is a significant player in the heat-

ing market.

Blue Circle's all cash offer values each Myson share at 240p. A share or loan note alternative is available and, in addition, Myson will pay a 2.3p interim dividend if the offer becomes unconditional. This compares with Yale & Valor's

tons per year at Albras, a com-

pany part-owned with foreign

CVRD also plans to invest

\$1.71bn in mining, research and infrastructure projects.

The group said that funding

for the projects was still being negotiated with its private sec-

tor partners and government

offer of about 221p, in convert ible preference shares and cash. Yale and Valor, however, said that since its share price had risen to 349p, up 12p on the day, its offer now valued each

Myson share at 226p. Myson manufactures oil and gas boilers, gas fires and water heaters, radiators and domestic pumps. In 1988, it reported pretax profits of £22.6m on turnover of £169.6m. At the year end, net assets stood at £44.5m. Mr Ray Wheeler, Myson's chairman, said yesterday; Both offers had their advantages, but we decided that Blue Circle's was clearly the better one. It is all cash and almost 10 per cent higher than the previ-

Myson's share price rose 15p to 236p while Blue Circle's dipped 6p to 269p.

JP Morgan seeks broadly based reduction in staff

J.P. MORGAN, the fourth largest US bank holding com-pany, said it would seek a -based reduction" in its worldwide workforce over the next 18 months, in an attempt to improve its financial performance, which has been lagging that of other money-centre banks in the last few quarters. Morgan was said to have set

a target of 10 per cent staff cuts by end 1990, although this was not officially confirmed by bank officials. Such a cut would mean about 1,500 jobs around the world.

But the officials did point out that staffing levels feil 7 per cent in the 12 months to the end of the second quarter. A 10 per cent cut over the next 18 months, would merely continue this pattern. The bank also said it would try to achieve its goals largely through normal attrition.

Morgan would not indicate how the planned reductions

might break down between . domestic and international ael Enthoven in charge, have operations. But the bank also been set up.

And the second of the second o

COMPANY NEWS IN BRIEF

Pending clearance from West Germany's Cartel Office, tha

IBH Holding.
After the sale, the Gassmann remain in place.

Indosuez said its subsidiary, Banque Libano-Francaise (France), had absorbed Al-

FFr558m (\$88.4m).

Pharmacia, the Swedish pharmaceuticals group, said it increased its holding in its US subsidiary Pharmacia Deltec to

Pharmacia said it bought the shares from private and insti-tutional holders. Deltec is a major supplier of implantable access devices and computerised ambulatory drug delivery

Cooper in \$600m move Siemens to buy Arco Solar

By James Buchan in New York

COOPER Industries, an electronics group, said it signed a letter of intent to acquisitive Houston industrial acquire Arco Solar from Atlan-tic Richfield of the US. Terms were not disclosed, agencies group, is merging with Came-ron Iron Works in a \$600m deal as part of the consolidation of

the US oil service industry. The merger, which is in the form of a stock swap, is the latest acquisition by Cooper as it has spread out from its gas compression business base into electrical equipment, automo-tive and drilling products and tools. Cooper, which had 1988 revenues approaching \$4,3bn, paid almost \$800m in cash earlier this year to acquire Cham-

pion Spark Plug. Under the latest deal, Cameron shareholders will receive convertible preferred stock in Cooper at a rate of 0.55 of a Cooper share per Cameron share. The preferred stock, which carries a dividend equiv-

alent of \$1.60 per Cameron

share, values the company at

about \$600m.

Wall Street, which bas eagerly been expecting a sale of Cameron since a group of family shareholders announced they were considering selling out, valued the deal at \$22% for each share of Cameron

Trusts holding 55 per cent of Cameron said they would vote for the Cooper deal.

Solid gain for Dyno The investment will be used **Industrier** to reactivate Alunorte, a dormant alumina unit, and double output of aluminium to 320,000

By Karen Fossil in Oslo

DYNO INDUSTRIER, the Norwegian diversified chemicals group, increased first-balf pre-tax profits by NKr20m to NKr176m (\$25.7m) and forecast an improvement for 1989 as a

Four of the group's five divisions boosted operating income in the period. The machinery division continued to be the laggard, however, due to a downturn in the Norwegian construction industry with operating income falling to NKr199m from NKr235m.

The chemicals division was

the group's hest performer with an increase in operating income to NKr912m at the half year against NKr746m in 1988. Explosives boosted operating income to NKr1.491bn from NKr1.338bn, due to a high level of sales in Sweden and a US profits improvement owed to an active mining market.

Dyno said about 80 per cent of its turnover currently comes from outside Norway through exports or from subsidiary sales in 30 different countries.

Seasonal fluctuations allow stronger performances in the second and fourth quarters compared with the first and



\$800,000,000 7.75% Debentures

Dated August 10, 1989 Due August 10, 1982 Interest payable on February 10, 1980 and semiannually thereafter Series SM-1992-M Cusip No. 313586 G 94 Non-Callable .

Price 100%

\$700,000,000 7.90% Debentures

Dated August 10, 1989 Due August 12, 1996 interest payable on February 12, 1990 and semiannually thereafter. Series SM-1996-H Cusip No. 313586 H 28 Non-Callable

Price 100%

\$200,000,000 8.10% Debentures

Dated August 10, 1989 Due August 12, 2019 . Interest payable on February 12, 1990 and semiannually there Series SM-2019-A Cusip No. 313586 H 36

. Non-Callable **Price 100%**

The debentures are the obligations of the Federal National Mortgage Association organized and existing under the laws of the United States, and are issued under the authority contained in Section 304(b) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1718 et seq.).

This offenng is made by the Federal National Mortgage Associ through its Senior Vice President-Finance and Treasurer with to of a nationwide Selling Group of recognized dealers in security Debentures will be available in Book-Entry form only.

There will be no definitive securities offered.

Gary L. Perlin

Linda K. Knight

3900 Wisconsin Avenue, N.W., Washington, D.C. advis This announcement appears as a matter of record only. This announcement is neither an offer to sell nor a solicitation of an offer to buy any of the debentures. This announcement appears as a matter of record only



James Hardie Finance Limited

James Hardie Industries Limited

US\$300,000,000 (Committed as to US\$175,000,000)

Note Issuance Facility

Arranged by National Westminster Bank PLC

Underwriting Banks

National Westminster Bank PLC

Algemene Bank Nederland N.V. BA Asia Limited Bank in Liechtenstein Aktiengesellschaft Banque Nationale de Paris Crédit du Nord, Singapore Branch Die Erste österreichische Spar-Casse-Bank

First Interstate Bank of California Hong Kong Branch Istituto Bancario San Paolo di Torino

Singapore Branch Morgan Guaranty Trust Company of New York State Bank of Victoria

National Australia Bank Limited

ANZ McCaughan Securities (Asia) Limited Banca Commerciale Italiana, London Branch Bank of Montreal Asia Limited Commerzbank (South East Asia) Limited **Credit Suisse** First Chicago Westhern Limited

Fuji International Finance (HK) Limited

Kyowa Finance (Hong Kong) Limited

Sanwa International Finance Limited Swiss Bank Corporation Investment Banking National Bank of Abu Dhabi

Additional Tender Panel Members

BTAsia Limited

UBS Phillips & Drew Securities Limited

Facility and Issue and Paying Agent National Westminster Bank PLC

NatWest Syndications

INTERNATIONAL APPOINTMENTS

Gist-Brocades announces chairman's replacement

GIST-BROCADES, the Dutch hiotechnology group, has appointed Mr H.C. Scheffer managing boerd chairman, replacing Mr Gijs Bresser, who resigned almost two weeks ago after e dramatic boardroom

split.
The company had startled the Dutch financial community with its unexpected announcement that a planned takeover of rival Dutch hiotechnology concern ACF Holding, personally negotiated by Mr Bresser, hed heen acrepped on the grounds it was too expensive and risky Mr Scheffer is one of the managing board members who led the revolt.

word concerning a replacement for Mr Scheffer on the three-★ ★ ★
DAIMLER-BENZ AG, the diver-

sified West German motor group, named Mr Werner Nie-fer chairman of its Mercedes-Benz of North America unit, succeeding Mr Hans-Juergen

There was no immediate

Mr Juergen Hubbert, head of the Mercedes Benz North America car division, was eppointed vice chairman of the North American unit. Mr Paul Halata, president of Mercedes-Benz, Canada, was elected vice president for North American affairs.

Mr Niefer, who is also vice chairman of the board of Daimler-Benz AG, had been chair-man of Mercedes-Benz AG.

* * *
KENNAMETAL, the US metals and tools group, eppointed Mr Robert McGeehan, formerly director of its metalworking systems division, as group president.

Mr McGeehan succeeds Mr Quentin McKenna, who remains Kennametal's chair-man and chief executive. The company said that Mr McGeehan's appointment is the beginning of an orderly

Top management changes for **Texas Commerce Bancshares**

CHANGES AT the top_have been announced for Texes Commerce Bancshares, the Houston-based banking group acquired by Chemical Banking, of the US, in 1987 when the former was struggling but survived a difficult period in general for Texas banks.

Mr Ben F. Love, the Texas Commerce Bancshares chairman and chief executive since 1972, will retire in November

on reaching the age of 65.

Mr Marc Shapiro, 42, will take over the chief executive's role and also become president. Mr Walter Shipley, chairman and chief executive of Chemical, will assume the post of chairman at Texas Commerce.

Mr Shapiro is currently vice chairman at Texas Commerce and head of its Texas Com-merce Bank - Houston arm.

OUTOKUMPU Resources, the international business development arm of Outokumpu, the Finnish state-owned natural resources groop, has appointed Mr Graham Mascall to the new post of general manager, new business development, writes Kenneth Gooding, Mining Cor-

Mr Mascall, 42, joins Outokumpn from Kleinwort Benson, the UK merchant bank, where be was an assistant director, concentrating on mining

From a London base, he will be involved in the further development of Outokumpu's worldwide activities.

These currently include mines in Ireland, Canada and Australia, together with a rapidly growing number of joint venture and exploration projects throughout Europe, the Americas and Australasia.

* * *
THE New Zealand Wool Board
designated Mr Grant Sinclair
as the next managing director. He will take up the post on December 1 from Mr Bernie Knowles, who is to retire.

Mr Sinclair, 42, currently general manager wool operations, began his career in the wool industry in 1975 when he joined the International Wool Secretariat in the UK.

Also in 1976, he joined the former New Zealand Wool Mar-keting Corporation as deputy transport manager. He has been with the NZ Wool Board since it absorbed the Corporation in 1978.

SWISS BANK Corporation, Switzerland's second largest bank, appointed Mr R.F. van Oordt as an international adviser to its board of direcmanagement succession plan, as Mr McKenna plans to retire

Amsterdam, a subsidiary. Mr van Oordt is a member of the board of managing directors and chief executive officer designate of Bührmann-Tetterode, the Dutch graphic paper distributors and office supplies and packaging products group. Until recently, he was chief

operating officer of Hunter Douglas N.V. PEPSICO announced the appointment of Mr John M. Cranor III as president and chief executive of its Kentucky

Fried Chicken division. Mr Cranor succeeds Mr Richard P. Meyer, who resigned to become president of Philip Morris's MO General Foods US. Mr Cranor had been president of PepsiCo's Pepsi Cola East.

THE STATE Bank of New South Wales, reflecting its rapidly expanding activities in the Australian corporate sector, appointed Mr David Pollitt senior manager, corporate services, at its London branch.

Mr Pollitt, 38, was corporate services manager for Westpac Banking, largest Australian bank judged by global assets. For the past 3% years, he had been building Westpac's corporate activities into one of the most successful Australian corporate activities into one of the most successful Australian corporate. tors, and as a supervisory rate activities into one of the most successful Australian corporate desks in London.

Chevron names chief financial officer

CHEVRON, third largest US oil company, has chosen Mr Mar-tin Klitten as its new chief financial officer.

He will succeed Mr Leland McGraw, who is to retire at the end of October after a 41-year career with the company.

Mr William Houghton will

replace Mr Klitten as president of Chevron's Chevron Information Technology division. • Chevron also announced that Mr Richard Matzke has been selected as the next presi-dent of Chevron Overseas Petroleum Inc., its main inter-national oil exploration and

production unit.

He will succeed Mr John Silcox, who is retiring on December 1 after a 38-year career

with the company. Mr James Baroffio, currently vice president of exploration for Chevron USA, will succeed Mr Matzke as president of Chevron Canada Resources.

RAYTHEON, the US defence contractor, named Mr Dennis Picard president, replacing Mr R.G. Shelley, who has retired. Mr Picard was a senior vice president and also general manager of the company's missile systems division.

INCO, of Canada, the world's largest nickel producer, announced the election of Mr Anthony Sabatino as vice president and treasurer and Mr Anthony Munday as vice president and comptroller.

Both have been Inco employ-

Both have been Inco employ-ees since 1973. Mr Sahatino became comptroller in 1979 and Mr Munday served as director, Canadian taxes, from 1982. Mr Sabatino succeeds Mr Ian

Austin, who is joining Placer Dome as senior vice president and chief financial officer.

BANK OF America, the California-based hank, named senior vice president Mr Thomas Quigg, 45, head of its International Private Banking operation, through which it provides banking, investment and trust services to high networth, non-US clients around

the world.
Mr Quigg succeeds Mr Glen.
Smith, who has left the bank. He will report to vice chairman Mr Lewis Coleman, head of the bank's World Banking Group.

INTERNATIONAL CAPITAL MARKETS

US Treasuries narrowly Peru places mixed ahead of jobs data

By Karen Zagor in New York and Ketharine Campbell in London

THE RECENT rally in the debt market ebbed yesterday, with US Treasury bonds trading in a narrowly mixed range at mid-session as the market's atten-tion turned to Friday and the release of employment figures

for July.
In early-afternoon trading, the Tressury's benchmark 30-

GOVERNMENT BONDS

year bond was np k of a point at 1115, yielding 7.84 per cent. The Federal Reserve arranged overnight matched sales to drain the system of liquidity when Fed funds were at 8 per

The Fed has executed matched sales every day in the first week of the current state-

ment period.

The dollar rose slightly to Y136.25 and DM1.8510 from Y135.90 and DML8505 in late New York trading on Tues-

day.

The foreign exchange market did not respond to two sets of bullish economic data. The 0.4 per cent rise in factory goods orders for June was slightly higher than the market had expected. Both durable and non-durable good orders posted

Excluding defence, factory orders showed a fall of 0.2 per cent. May's orders were revised to a fall of 2.6 per cent from an earlier estimate of 2.5 per

Sales of new single family homes were also stronger than expected, with a rise of 5.5 per cent in June. May's sales were adjusted up 1.6 per cent to 4.3

per cent.

The factory goods orders and new home sales were the first economic indicators in several weeks which did not point to a softening of the US econ-

The debt market is now waiting for Friday's release of the July employment figures.

BENCHMARK GOVERNMENT BONDS Price Change Yold ago 9/92 107-01 -1/32 10.78 10.51 11.27 1/96 97-30 4/32 10.12 10.14 10.48 10/05 98-06 -8/32 9.26 9.26 9.46 GERMANY 7,000 2/99 102,8000 +0.050 6.58 6.64 6.65 FRANCE STAN 8,000 1/84 98,1284 -0.177 8.49 6.67 8,96 OAT 8,125 5/99 98,5100 -0.250 8,54 8,45 8,73 CANADA . 10.260 12/96 106.8750 -0.750 9.13 9.32 9.38 NETHERLANDS 7,000 3/99 100,3600 -0,060 6,94 7.04 ... 7,12 12.000 7/99 94.3265 +0.499 13.03 13.25 13.44

London closing, "denotes New York morning session Yields: Local market standard Prices: US, UK in \$2nds., others in declinet Technical DetailATLAS Price Sources

Griggs and Santow, a credit market analysis firm, expects an increase of 100,000 to 150,000

in non-farm payrolls.

The projected increase is less than the rise in June because of a softer economy and because there were only four weeks between surveys rather than five weeks for the earlier

THE JAPANESE market has temporarily run out of steam and is vulnerable to profit-taking at current levels, dealers

In relatively thin trading, the key September bond future advanced 15 basis points to

At the 20-year auction, the anthorities raised a total of Y500bn of stock at an average yield of 5.028 per cent. Traders said that two buyers, Nomura and First Boston, predominated, with allotments of Y123bn and Y60bn respec-

tively. Twenty-year bonds are typically bought by domestic but not by foreign investors. Any foreign interest is generally for

trading purposes.

Meanwhile, one factor
unsettling the overall market
is the presumption that certain
major foreign holders of JGBs

FT INTERNATIONAL BOND SERVICE

maturing over coming weeks will transfer the proceeds to the US market.

BUK GILT-edged securities also weakened yesterday, as the foreign-led rally has petered out with the slight set-back in sterling's performance. The currency lost a premnig against the D-Mark, although it held up against a weak dollar.

By the end of the day prices at the short end of the market were down around & but the long end had fallen up to half a point, depressed by the correc-tion in the US Treasury mar-

An unexpected modest increase in UK reserves — up £57m, where the median market expectation had been for a fall of £150m — was taken by dealers as a hint that the Bank of England had engaged in at least a little judicious selling of the correccy.

THE GERMAN market fell back late in the day, largely in tune with the reversal in the US. Whereas prices at the official fixings were largely unchanged, the September futures contract had fallen 15 basis points to 95.99 by the

The belance of payments

inca capital from where tour-ists whit the renowned Machu Picchu ruins. Of the \$43m investment, \$24.5m would be debt retirement. Midland was to use its own non-syndicated

medium-term paper for the project.
Midland's plans face an additional problem. Peru's Hotel and Restaurant Association objects to the construction of more hotels because the occupancy rates in Lina are running at only 30 per cent. The association also con-tends that the Midland project,

just \$50,000 per room.

Mr Carlos Raffo, the Minister of Industry, saye he believes the association is

lion.

Mr de Soura has not lost hope that the debt swap programme will begin. "If it is not implemented in the next 30 days, I am not going to despair. There are plenty of "interested foreign investors," he said. The American Express Bank has also discussed an estimated \$60m worth of debt swap tenrism projects with Peruvian officials.

projects must be for exports or generation of foreign exchange, such es tonrism. Only public debt, most of

Converted debt can be used project costs and imports must be financed separately. Peru has set an annual limit on conversion of 0.5 per cent of its gross domestic product. This year, this would mean approx-imately \$75m to be auctioned. Along the lines of the Argentine practice, investors would submit bids and the company

Peruvian debt, which has mon Brothers trader quipped that he used Peruvian debt "as an envelope stuffer" on other deals.

Peruvian paper for specule-tion. They are gambling on e rise in its price if a new Conrise in its price if a new Con-servative government comes in next year. Chilean traders made nest 50 per cent profits when they bought Argentine debt at 13 cents to the dollar and saw it rise to 20 cents to the dollar after President Car-los Manem took office end announced a dramatic eco-nomic adjustment programme.

The magistrate, Mr Bryan Clother, said the prosecution failed to prove its case against Mr Peter Newton, a County NatWest Securities Australia

had alleged that Mr Newton traded in shares of MBFI Aus-tralia on the basis of information from fellow accused, for-mar Australian American Assurance fund manager Mr

MAN Gutehoffnungshütte AG

developed the acquisition strategy, valued the company, and assisted in negotiating and closing the transaction.

BOOZ-ALLEN ACQUISITION SERVICES

July 1989

LEGAL NOTICES

AND IN THE MATTER of THE MISOLVENCY ACT 1906

NOTICE IS HEREBY GIVEN that I, Patrick Walter John Hartigan, of 1, Wardrobe Place, Carter Lane, London ECGX SAJ was appointed Uquidator of the end Company on 27th July, 1989 by the Mombers and Gradi-

NOTICE IS ALSO HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the Sist day of August, 1989, to send in their full Christian and surnames, tweir addresses and descriptions, bull particulars of their full or claims, and the nerses and addresses of their Solictors (If any), to the undersigned Patrick Warner John Narigan of 1 Werdrobe Piece, Carler Lara, London EAV SAJ the Liquidator of the said Company, and, il so required by notice in writing hom the said Liquidator, are, parsonally or by their Solictions to come in and prove their debts or sleighes at such time and place as shall be specified in such notice, or in detault thereof they will be excluded from the benefit of any distribution made before such debts are proved.

P.W.J. HARTIGAN

has ecquired

Erwin Mehne GmbH & Co.

On behalf of MAN Gutchoffnungshütte AG, the undersigned

BOOZ-ALLEN & HAMILTON INC.

THE KINGDOM OF

DENMARK

US\$100,000,000

Duet Bond due 1991

Notice is hereby given that

the interest payable on the relevent interest Peyment

Dete & August 1989 egainst Coupon No. 3 in respect of US\$100,000 nominal of the Bonds will be US\$8,640.21.

Dollar Yen exchange rate U\$1.00 = Yen 134.80 of 2 August 1989 in Tokyo.

DKB international Limited

Agent Bank 3 August 1989

IN THE MATTER of IMER & CO (PAPERS) LIMITED

DATED this 27th day of July 1983

INCENTIVE TRAVEL

> The Financial Times proposes to publish this survey on:

For a full editorial synopsis and advertisement details, please contact:

26 SEPTEMBER 1989

JEREMY M BAULF on 01-873 4026 or write to him at:

Number One Southwark Bridge SE1 9HL

FINANCIAL TIMES

Floating Rate Notes Due 1993

4.85% per annum. Interest payable on 3rd February, 1990 will amount to ¥2,444,932 per ¥100,000,000 principle amount of the Notes.

Japan, Limited Tokyo

compagnie bancaire ¥10,000,000,000 Floating Rate Notes

Due 1995 In accordance with the Terms

and Conditions of the Notes, notice is hereby given that for the Interest Period from 3rd August, 1989 to 3rd February, 1990: (i) the Rate of Interest for the Notes will be 5.45% per annum, and (ii) the Interest Amount will be \(\frac{4}{274}\),740 per \(\frac{4}{10}\),000,000 Note.

Agent Bank
The Long-Term Credit Bank of
Japan, Limited

PIMA Savings and Loan **Association** US\$100,000,000 Floating Rate Notes

In accordance with the terms of the Indenture, notice is hereby given that the Rate of Interest for the period 1st August, 1989 to 1st November, 1989 has been fixed at 9.0625 per cent per annum. The Interest Amount, as defined, of US\$23.16 will be payable Barclays de Zoete Wedd Limbed Agent Bunk

SPAREKASSEN SDS

¥5,000,000,000

Notice is hereby given that the Rate of Interest for the Interest Period from 3rd August, 1989 to 3rd February, 1990, is

Agent Bank The Long-Term Credit Bank of

Listed are the latest international bonds for which there is an adequate secondary market. | State | Stat US DOLLAR YEN STRAIGHTS Canada 6 % 91... Canada 5% 93...

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Ford M. C. Can. 10% 96 CS.

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Ford M. A. C. Can. 10% 96 CS.

Ford M. A. C. Can. 10% 98 E.

Lloyds Bank 11% 98 E.

Mongan Gau. Tist. 119 CS.

Lloyds Bank 11% 98 E.

Mongan Gau. Tist. 119 CS.

Alt. Aus. Bk. 14% 94 AS.

New Zealand 91, 93 E.

Phillips Glool. 6 93 FL.

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Royal Bk. Soot. 10% 98 E.

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CBS, Inc. 5 02 US
CBS, Inc. 5 02 US
Eng. Cains Clay 6½ 03 E
Fujikas 3 90 US
Ladbroke Grp. 5% 04 £
Mindota Camero 2½ 940 M
Michalloc 5% 02 US
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Bank of Grebce 99 US.
Belglum 91 US.
Cheft. & Cloucester 94 £
Credit. Foncler 98 US.
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EEC. 3 92 0 M.
Hallfax BS 94 £
Invt. In Industry 99 £
Leads Perm. 8/S. 94 £
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Straight Bonds: The yield is the yield to redemption of the mid-pelce: the amount issued is in millions of corrency units except for Yen bonds where it is in billions. Change on work—Change over price a week earlier.

Floating Rate House Denominated in dollars unless otherwise indicated. Coupon shown is minlenent. Cate—Date next coupon becomes effective. Spread — Margin above six-month offered rate intermenuals, subver mean rate) for US dollars. Capa—The courses coupon.

The Financial Times Ltd., 1989, Reproduction in whole or in part is any form not permitted without written Data supplied by DATASTREAM international.

By Sarbers Durr in Santiago PERU'S DEET swap programme has been gut on hold indefinitely. The decision affects Midland Bank most directly; its proposal for a assm hotels project will have to wait, along with is other smaller proposals.

The state development finance corporation. Corpora-The state development finance corporation, Corporacion Financiera de Desarrollo (Cofide), which has responsihility for approving projects, was informed last week by Mr Cesar Vahquez Bazan, the Minister of Economy and Finance, that the start of the programme must be postponed. The Government had no money to fund it, the minister said.

The belance of payments

debt swap

on hold

programme

The balance of payments problems were so grave, said fir Javier de Soura, international chief at Cofide, that "all remittances for companies operating in Peru have been paralysed until December."

Midland Bank formally presented its proposal in May, after the last details of the debt swap programms were finalised in March. The proposal was for two five-star hotels, with a total of 400 rooms, in Lima and Casco, the Inca capital from where tour-

at more than \$100,000 per room, is overpriced. Local hoteliers say they build for

wrong to object and suggests that the industry simply does not want additional competi-

The Peruvian debt swap programme is open to nationals and foreigners. Investment

which has not been restruc tured, is eligible. If direct obligations with a creditor are not ed, syndicated credits must obtain par passu waivers. Under the regulations of the scheme, a dollar account is opened for the investor in the Central Bank to protect the funds against crosion by inflato finance 70 per cent of local

giving the best discount would not been regularly serviced since 1984, has traded in recent years at between 5 and 8 cents to the dollar. One Salo-

However, Chilean traders have recently been buying

Broker has no case to answer

A SYDNEY stockbroker has no case to answer on insider trad-ing charges brought by securities authorities, a magistrate ruled, Reuter reports from Mel-

broker. Prosecutor Mr Geoff Chettle

SWISS FRANC STRAIGHTS

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Maxwell Comm. Crs. 5 95.

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EUROBOND MARKETS lacked direction yesterday; with newissne business consisting mainly of targeted deals in both Europe and the Far East. Borrower
US DOLLARS
Nippon Saraso
BASF Finance(Europe)
BP Capital BV
(n)
Issue updates:
Taumare 8 Co.44 (c)
JDC Corp
(c)
Sarasyo Aluminium
(c) A straight-maturity dollar deal for BASE Finance traded outside fees as the Treasury market faltered in the afternoon. The BASF \$300m seven-year bonds were brought by Deut-sche Bank Capital Markets (DBCM) with an 8 per cent con-pon and a spread of 64 basis

INTERNATIONAL BONDS

points against the equivalent Treasury issue. The low issue ties priced at a discount.

The lead manager was frank

about the lukewarm initial reception for the deal. It was supporting the bonds quite-vigorously at less 1% bid, a discount equivalent to full underwriting fees, for most of the writing fees, for most of the morning session and said it had bought back paper from the syndicate to maintain the spread against Treasuries.

Later in the day, as Treasury bond prices began to slide, the support hid moved as low as less 2%, well outside full fees.

A DBC official said the small syndicate of just four co-

small syndicate of just four colead managers and three co-managers had been invited at the borrower's request. This meant that large allocations were made - \$45m for co-leads and \$15m for co-managers - and that most syndicate members sold back paper

to the lead manager because:

they were unable to line up

placement for all their bonds.

price of 99% per cent was set to allow German investors to exploit a tax break for securi-

> pricing was ungenerous, there was solid institutional demand for the paper, particularly in Garmany and Switzerland where the borrower is best known as a top-quality corporate credit. The proceeds were unswapped.

Electricite de France GMAC Cenada

SS FRANCS

Crediop Finance pic⊕(g) Skophank⊕(g)

D-MARKS .: issue update: Tsumura & Co.++(e)

ScotiaMcLeod was the lead manager of a C\$100m six-year deal for GMAC Canada, a financial subsidiary of General Motors Corporation. The bonds carried a 10 per cent coupon and were priced at 101 % to yield 86 basis points over an interpolated Canadian government security. The maturity was designed partly to avoid the glut of five-year paper still overhanging the market. The paper was trading at ess 1% bid, a discount equiva-

New-issue traders said there was some resistance to the borrower, which frequently taps the Euromarkets via its vari-ous subsidiaries. In addition, the pricing came in for criticism as giving almost nothing away to existing GMAC five-

NEW INTERNATIONAL BOND ISSUES

101.60

100

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1994

1996

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55

year paper.
ScotiaMcLeod syndicated the deal along so-called take and pay lines. An official declined to comment about any swap to comment about any swap activity, but there was specula-tion that the proceeds were swapped into floating-rate funds.

An attempt to clarify the risk of dual-currency bonds was launched by Credit Suisse First Boston for BP Capital. The \$25m (NZ\$41.75m) one-year lacement for all their bonds. less 1% bid, a discount equiva- and one-day deal offers a cou-Despite comment that the lient to full underwriting fees. pon of 13 per cent in US dollars and one-day deal offers a cou-

♦Final terms. \$Convertible. ★APrivate placement. With equity warrants. ♦Varalable rate note. a)Coupon fixed as indicated. Yield to put 3.557%. b)Coupon fixed as indicated. Yield to put 3.515%. c)Coupon out by ½ %. d)Vield to put 3.559%. c)Co or 18% per cent in New Zea-land dollars and an equal chance of redemption in either

13g/12 New Japan Secs. 12/38 Nippon Credit Int.

Book runner

13/3 Yamaichi int.(Europe) 13/5 Deutsche Bk.Cap.Markets 5/3 CSFB

Nikko Secs. Nikko Secs. Dalwa (Europe) Salomon Bros.int.

24/15 DG Bank

14/5 OCF

currency.
The structure is designed to leave retail investors in no doubt about the precise degree of currency risk they are assuming, while offering them a yield pick-up in either cur-

Previous dnal-currency instruments have involved investors taking aometimes significant currency risk without necessarily understanding the possible downside. CSFB said it was too early to say how the bonds were trading. Salomon Brothers increased its undated variable rate note issue for Bank of Ireland by \$100m to \$300m following good

Eurobonds show lack of direction | Tighter disclosure standards loom

Norma Cohen on an SIB survey of attitudes to soft commissions

Pritish rules requiring commissions for transactions, Brund managers to dis-close details of their "soft" commissions are inadequate and widely ignored, according to a recent poll of market participants conducted by the Securities and Invest-

ments Board. The survey results, which have not been released publicly, make it more likely that the SIB will propose tighter disclosure standards for soft commission arrangements in a position paper to be released this fall. Currently, firms do not need to tell clients about their arrangements as long as they promise best execution of all transactions. "Virtually no one discloses their arrangements," said an SIB official.

However, fewer than 25 per cent of those responding to the poil believed the practice should be outlawed completely in the UK, while an even smaller number felt the practice should be allowed to continue unchecked.

"Needless to say, opinion was sharply divided," said the SIB official.

The aurvey, sent to both fund managers and securities firms in March, was designed to assess attitudes about the spreading use of soft commissions - roughly the provision of goods and services to clients in exchange for a promise to transact a minimum amount of business for which the provider earns a commission.

What makea soft commissions controversial is that commissions are paid from the clients' investment funds rather than in the management fee paid to the fund manager. Thus, if the acceptance of soft commissions requires the fund manager to pay slightly higher it is the investor who is subsidising the fund manager.

Therefore, investors who are unaware of the soft commisslon arrangements of their money manager do not know how much of their own investment funds are being used to defray their money manager'a

overbead costs. The practice has come under widespread criticism, both in the UK and in the US, from full-service securities houses which are losing business to ao-called soft dollar houses. These firms have been able to lure new accounts by providing them with a variety of goods and services, ranging from research reports to compnter software, which money managers say are needed to provide the best service.

However, critics charge that soft commission arrangements are often abused. While UK rules limit goods and services to be "softed" to those which specifically enhance portfolio returns, tales abound of fund managers fitting out their entire office on soft commissions or, worse still, benefiting personally.

But while the focus of UK

criticism has been the impact of soft commissions on investor protection, in the US its critics charge that it has led to a decline in market liquidity. Mr David Ruder, chairman of the US Securities and Exchange Commission, has said he is concerned that hig securities houses are responding to the erosion of their busi-ness by soft commission com-

off that business, the cushion of profitability is eroding. Stanley said it would no longer provide full services to its smaller institutional customers, reserving those services for a handful of large clients. petitors by withdrawing some The cost of providing those serof their key services from the-market. The SEC is studying vices had become unprofitable since the loss of business. Other firms are reported to the effects of soft commissions have removed capital from

block positioning and put it into more profitable operations such as proprietary trading and index arbitrage, neither of which add to overall market liquidity.

Mr Eisenberg said that while Goldman Sachs had not yet taken any such steps, it was considering them. This has been a very good business for us for over 20 years and we would have to think bard about withdrawing from it," he

But even American users of soft commissions - specifically fund managers - are concerned about the practice's impact on liquidity. Mr Austin George, vice president in charge of equity trading at Bal-timore hased T. Rowe Price, one of the nation's largest retail fund managers, said there had been a noticeable decline in liquidity. Large US full-service firms estimate that they have lost some 20 per cent of their husiness to soft commission houses in the past 18

Mr George said that his firm did engage in soft commission arrangements and rarely passed on details to clients because they almost never asked. The services his firm received were largely research and specialty analytical ser-

However, he said that a 1986 SEC rule expanding the definition of goods and services that could be legally "softed" was troublesome because it paved the way for money managers to defray costs out of investors' funds with no specific discernible henefits to the investor.

"Certainly disclosure would be a solution for those who are transgressing." Mr George

National Australia plans issue to raise A\$334.4m

By Our Financial Staff

NATIONAL AUSTRALIA Bank yesterday set a price of A\$6.08. on 55m shares to be offered

worldwide. The underwritten isane, announced yesterday, will raise A\$334.4m and comprises: • 3m American depositary shares, each representing five ordinary, or common, shares in National Australia Bank. The offering is lead;managed by ers.

Metrill Lynch Capital Markets. "National Australia Bank said

 12m shares to be offered in Japan, lead-managed by Nikko Securities. • 15m shares offered else-

The win or the contract of

where by Merrill Lynch Inter-national, Dresdner Bank, Swiss Bank and S.G. Warburg Securi-• 13m shares to be placed in Australia, where A.C. Gooda

and J. B. Were are lead manag-

yesterday that the underwrit-ers had an option to take an additional 8.25m shares over the next 30 days.

The offer price compares with yesterday's stock-market price of A\$6.12.

Proceeds are for "general corporate purposes," and are also available to establish new subsidiaries or for acquisitions, if opportunities arise, the bank said. A statement from National Australia Bank said the issue would diversify its capital base and provide liquidity in its shares in markets outside Australia.

National Australia Bank has 800m shares on issue. They are traded on exchanges in Austra-Ha, New Zealand, New York, Tokyo and London.

The bank last year said it might spend up to A\$1bn to acquire a US regional bank.

British Funds Corporations, Dovelsion and Foreign Boods Industrials Financial and Properties

British Funds

Bullet for Swedish bank

SWEDEN'S URBAN Mortgage Bank has issued an 11.25 per cent five-year tap bond on the Swedish and Danish money markets, Reuter reports from Stockholm.

Mr Hakan Johansson, a director of the bank, said the bullet issue, available in denominations of SKr10,000, was expected to raise around SKr5bn. Settlement is in five Swedish banking days.

Mr Johansson declined to give the issue price for the tap

September 1, 1994, bnt said that since trading began yes-terday, it had moved to 99.30/ 40 on the Danish market, yielding 11.40 per cent.

In Denmark, market-makers are Den Danske Bank and Copenhagen Handelsbank. It was the second issue by the bank since the lifting of foreign exchange regulations. The previous crown issue on

the Danish market is expected

to raise about SKr5hn.

THE ZURICH Stock Exchange is to open a sixth trading ring, probably in early Oct-

Zurich to open sixth ring

ober, writes John Wicks in Zurich. Intended to handle part of its

David Ruder: concerned

over withdrawal of services

The withdrawal of services

such as block positioning and

the reluctance to commit capi-

tal to the market in listed

stocks may be having an adverse effect on liquidity.

at Goldman Sachs and co-head of its securities sales division,

said that full sarvice firms,

such as his, needed to be able

to count on a steady stream of non-risk orders to help cover

the cost of committing capital

to the market when conditions

were tough. Now that soft com-

mission houses are siphoning

Earlier this year, Morgan

Mr Lewis Eisenberg, partner

bond trading, this area will be fully equipped, but of a "provi-sional installation," in view of the 1992 completion of the new exchange building.

The additional ring is necessary because of growing securities thrower in the canton of Zurich.

This amounted to some SFr320.8bn in the first six months, or just over half the figure of SFr636.3hn for 1987, the previous peak

At the same time, the Basle Stock Exchange yesterday extended its option-trading facilities to permit continuous trading of all options and warrants.

The exchange had already been trading continuously in covered warrants.

ET-ACTUARIES SHARE INDICES

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	EQUITY GROUPS		Wedne	sday A	ugust .	2 198	9	Tae . Ang 1	Mon Jul 31	Frd Jul 30	(abbuns) são Aest.
FI	4 SUB-SECTIONS gures in parentheses show number of stocks per section	Index No.	Day's Change	Est. Earnings Yield % (Max.)	Gross Div. Yield% (Act at (25%)	ESL P/E Ratio (Net)	nd adj. 1989 to date	Jarley • No.	index No.	ludex No.	Index No.
1 2		988.27 1218.32	+0.4	10,76	4.06 4.34	11.43	19.57 25.92	984.24 1218.31	978.24 1215.65	995.55 1222.73	\$25.64 1833.21
-	Building Materials (29)	1617 72	10.7	14.69		8.98	32.70				
, A	Electricals (9).	2413.79	+0.3	8.83		15.41	50.60		2941.47		2237.63
5	Electricals (9). Electronics (30) Mechanical Engineering (55). Metals and Metal Fogming (6). Motors (17). Under Industrial Materials (27)	2260.81	+4.6	1.51	3.32	15.21	43.06		2262.74		1784.18
6	Mechanical Engineering (55)	543.39	. 10.2	9.76		12.56	9.57	542.11	545.78		
a	Metals and Metal Forming (6)	519.52	-8.4	19.75		5.55	14.64		531.27	529.82	
9	Motors (17)	360.56	+1.1	19.26		11.44	6.83		359.51		287.65
10	Other Industrial Materials (23)	11693.83	+0.2	, 9.15		13.46	33.56		1687.03		
21	CONSUMER GROUP (186)	1342.21	+1.2	L12		15.46	20.36	1462.58	1325,89		1114.88
22	Brewers and Districts (22)	1105 10	+1.1	7.02 8.45	3.58	14.81	20.55		1197.52		1809.95
22	Food Manufacturing (20)	7592 45	+2.0	7.78	2.66	16.98	32.27	2541.87	2535.21		2997.25
20	Health and Household (14)	2414.82	+1.3	- 6.08	170	17.39	22.24		2370.46		
20	Health and Household (14)	2775.55	+0.8	7.07	334	17.48	29.39		1757.13		1369.51
31	Packaging & Paper (15)	608.09	+0.8	9.64	4.08	13.10	9.11	603.36	681.25		536.12
32	Publishing & Printing (19)	3754.59		8.46	4.43	15.23		3753.31	3797.26	3791.66	3613.65
34	Stores (34)	908.33	+2.3	7.64	4.00	13.53	16.19	847.73	889.01	871.79	623.53
35	Textles (15)	561.71	+8.6	10.45	5.17	11.25	15.86	558.I3	554.21	543.23	
				9.71	4.61	12.53	29.5Z	1184.83	118534	1193.76	911.48
41	Chemicals (23) Conglomerates (13) Transport (13)	124471	+0.3	. 7.05	2.24	17.43	18.99			1468.43	
42	Chemicals (23)	1318.86	+0.6	11.14	4.71	10.61	28.02			1321.52	
43	Conglomerates (1.3)	1725.80	+8.4	. 9,91	4.73	21.87	26.22			1712.65	
45	Transport (13)	2471.72	+6.1	8,49 11.27	3.65 4.56	15.30 11.54	39.22 22.38	2468.71 1878.88	1878.34		1953.27
47	Telephone Networks (2)	1007.73	+0.8	8.28	5.83	13.70		1995.63	2019.88		1218.93
40	MISCELLENCOUS (ED) 1,	1225.84	_	9.27	3.65	13.33		1216.11	1217.84		992.67
49	THE POPULATION AND ADDRESS OF THE PERSON AND		+0.7								
51	Oll & Gas (14)	2152.42	+0.2	9.87	. 5.20	13.48		2149.06		2164.22	1843.25
59		E36477		7.35	3.85	13,35	24.38	1295.59			-
61	FINANCIAL GROUP (124)	784.96	·-+8.2		5.13	-	18.87	743.49			711.83
62	Banks (9)	781.67		22.11	6.27	5.95	23.46	781.26	783.25	774.22	663.11
65	Insurance (Life) (8)	1171.25	10.7	-	5.10 5.80	-	29.85	518.40	627.49	1179.12 623.48	561.58
66	Insurance (Composite) (7)	. 62P.41	1.1	7.87	6.47	17.49	31.63	767.33	979.90	982.89	1900.96
67	Insurance (Brokers) (7)	746 77	-1-1	. 7.47	432		7.38	366.83	372.13	378.16	354.83
60	Merchant Banks (10)Property (52)	2375.70	+0.4	6.25	2.85	20.72	17.85	1378.56	1374.90		1253.81
70	Other Financial (31)	376.15	-0.4	11.29	5.81	11.30		377.48	379.78	378.75	381.45
	Investment Towns (LO)	2997 NJ	+8.3	_	2.69	_	25,47	1223.47	1223,87	1228.13	923.57
81	Mining Finance (2)	192.0X	+0.1	2.63	3.71	13.87		- 691.20	698.40	591.20	523.99
91	Overseas Tradely (8)	1426.46	+1.0	9.76	4.98	11.70	43.33	1412.79	1414.11	1429.23	1147.79
00		1177.16	+8.6	-	4.01	1	22.73	1174.46	1173.25	1175.69	972,14
77	ALD STOCKE HOLK () 457 CHILL	Index	Day's	Day's	Day's	- Ang	Jul	Jul	Jui	Jal	Year
		- No.	Change			7	31	30	29	- 28	296
					2285.8				2253.7		
1.	FT-SE 100 SHARE INDEX	2307.0	+15.5	2547.4	2243.61	447231	4471.3	2404	2203./(CE44-31	10001
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•	A COMMON TO A			•	•						
		7.	<u></u>		<u> </u>						

FIXED INTEREST								AVERAGE GROSS REDEMPTION VIELDS	Wed Aug 2	Tue Aug 1	Year age (approx.)
	PRICE INDICES	Wed Aug 2	Day's change	Tire Aug 1	ad adj. today	xd adj. 1989 to date	1 . 3	British Government Low 5 years	9.15 9.06	9.45 9.13 9.64 10.37	9.57 9.40 9.16 10.00
3	British Government 3 years 5-15 years Over 13 years Irredeemables	118.54 134.12 147.55 168.92	-0.09 -0.15 -0.30 -0.17	118.65 134.38 147.99 169.22	0.10	7.13 8.36 7.09 7.32	54789	Coupons 15 years 25 years 11 years 125 years 15 years 15 years 15 years 15 years 15 years 15 years 16 years 17	9.55 9.19 19.53	9.52 9.16 10.49 9.74 9.35 9.88	9.43 9.36 10.10 9.77 9.40 9.64
: 6	All stocks Index-Linked 5 years Over 5 years All stocks	141,07 138.30	-0.07 -0.09	141.17 138.42		7.91 1.36 2.33 2.24	112	Index-Linked indization rate 5% inflation rate 5% inflation rate 10% inflation rate 10% Over 5 yrs. Over 5 yrs.	2.15 3.36	2.90 3.52 2.12 3.35	2.84 3.81 1.81 3.64
	Debetieres & Luins Preference	113.48	+0:05				15 16 17 18	Delts 6. 5 years	12.68 11.96 11.37	12.66 11.96 11.38 10.29	10.89 10.89 10.89

10 84 120 1.525 LONDON RECENT ISSUES EQUITIES 12.94 18 48 11.4 15.6 1.6 5.7 13.4 FIXED INTEREST STOCKS Closing Price £ Amount Paid up Renenc Date High Low 190 1059 1049 7986 1804 1804 £180 1009 1009 1004 1004 28/7

RISES AND FALLS YESTERDAY

Price Pale Researce Price Pr	Issue	Amount	Latest	10	89		Clasing	
9						Stack		 † º
a Asmostised dividend b Figures based on prospectus estimates 6 Dividend rate paid or payable on part of capit over based on dividend on full capital 9 Assemed dividend and yield. 5 Dividend and yield exclude special payment	a Associa	※・・ 医療・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・	25/8	17-pm 23-pm 14-pm 10-pm 10-pm 18-pm 18-pm	25pm 7½ 6pm 10pm 1½pm 15pm 3pm 15pm	April- Emisra Plantations Bear Brand Hälmer Inds. Sp Egerton Trest. Slame Group 10p SMarriags Petroleon 10p Parfild Smoot. So (Elisting Offer) Hydro Group 10p Station of Distinct of the Station 10p Station of Station of the Station 10p	1114 17pm 14pm 12pm 1pm 5pm 5pm	+2

First Dealings Last Dealings Last Declarations For seltlement	Jul 24 Aug 4 Oct 26 Nov 65	Mor, Buigins "A", M KCA, Fishers, Owr Amstrad, Text, Jerse Tuskar, Wardie Str
or rate indications see	end of	Hick Pent, Eurotun Johnson Matt, Prem

TRADITIONAL OPTIONS ML Labs, Vista, vners Abroad, rey, Abbey Nat, troey, Feedex

WALES

The Financial Times proposes to publish a Survey on the above on

11th September, 1989

For a full editorial synopsis and advertisement details, please contact:

Clive Radford

on (0272) 292565 or write to him at:

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FINANCIAL TIMES

RETAILING

The Financial Times proposes to publish a Survey on the above on

12th September 1989

For a full editorial synopsis and advertisement details, please contact:

Jonathan Wallis

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Number One, Southwark Bridge London SE1 9HL.

FINANCIAL TIMES

agreed between the Gov-ernment and the Gen-

eral Electric Company and Siemens of West Germany after

three months of negotiations set a precedent in takeover his-

Not only will they free the Anglo-German consortium to relaunch their bid for their smaller electronics rival, Ples-

sey. They are also expected to be the ground rules for any further takeovers in the UK's defence electronics indus-

try.
This is not merely a matter of academic interest. Thorn

EMI has recently put its own defence electronics businesses up for auction; Racal Electron-ics has said it would like either

to sell many of its defence busi-

nesses or put them into joint ventures; and speculation is rife that Ferranti is a potential

takeover target.

Meanwhile, as the defence

industry joins others in the search for pan-European scale, foreign companies are showing

a keen interest in getting a fcothold in the UK market. In

addition to Siemens - which is

rumoured as a possible acquirer of other UK defence businesses in addition to Ples-

sey's - Thomson of France is

Glynwed meets earnings growth target midway

GLYNWED International, the Midlands-based industrial group, yesterday revealed interim results in which it again matched its long standing 20 per cent earnings per sbare growth target.

In the 25 weeks to July 1,
Glynwed's pre-tax profits rose
hy 41 per cent to £45.9m
(£32.5m) and earnings per
share grew 20.5 per cent to
14.81p (12.29p).
Glynwed is traditionally one

Glynwed is traditionally one of the first UK manufacturing

companies to report half-year results and Mr Gareth Davies, chairman and chief executive, said that economic conditions in the first half had been less favourable than during the correspooding period last year.
"The high levels of interest rates and the rise in mortgage rates have led to lower activity in the bousing market and to a slow down in spending on con-sumer durables and bome

improvements" Mr Davies said. "Nevertheless there has been strong demand from the indus-

trial sector and for products serving the infrastructure markets at home and ahroad". Around half of the group's profits increase came from the inclusion of Amari, the steel and plastics distribution com-pany which was bought for im last year. Glynwed said that without Amari its profits increase would have been 19

Mr Davies said that work had already begun on improv-ing Amari'e return on capital and on its profits margins but, because Amari was a distribu-

ROBERT M Douglas Holdings,

the civil regimeering, building and contracting group, announced pre-tax profits of £8.77m for the year to end-March, an increase of 61 per cent over the previous year's

The increase reflects improvement across the

group's four divisions but par-

ticularly from the construction

equipment and materials sup-ply divisions which benefited

from the buoyant UK construc-

tion market. Mr John Douglas, chairman,

By John Ridding



Gareth Davies: strong demand from industrial sector

tion company, its margins were never likely to match the rest of the group. Glynwed's operating profit-to-thrmover ratio fell to 9 per cent in the first half, compared with 10.8 per cent in 1988.

in the consumer & building division, orders for Aga cook-ers were 10 per cent above last year and the Falcon catering equipment husiness showed "excellent progress". However, the Flavell cooker and heater division saw orders 19 per cent down and the sink business also suffered from reduced demand. Cast iron prodocts benefited from spending in the construction and infrastruc-

All divisions lift RM Douglas

a revaluation of its properties,

raising tangible assets by £7.7m to £42.48m.

which accounts for about 75 per cent of turnover, but only

about 25 per cent of profits, again benefited from buoyant markets, particularly in South Wales and the Midlands. How-

ever, margins remained low at

Dr Robert Paine, chief execu-tive, said the current strategy

was to increase emphasis on higher margin businesses such

about 2.5 per cent.

The construction division,

said the group had undertaken as the property and bomes

All the other divisions increased profits except tubes and fittings, where Wednesbury Tube was hit by lower demand for copper tubes and tighter margins caused by increased competition.

Acquisitions made for cash and the inclusion of Amari's borrowings increased the gearing level to 38 per cent and the interest charge rose to \$48m.

interest charge rose to £4.8m (£1m). Tax was £15.6m (£11.4m) and the interim dividend is increased to 4.15p (3.45p).

Glynwed just squeezed past its

20 per cent earnings growth target in tha first half - with the help of a lower tax charge
but it looks set to fall sbort
at the full year stage, for the
first time since 1983. There is
room to increase the return on capital and the margins at Amari, but ironically the rest of the group is already so well managed that it is hard to see where improvement can come from. With the shares, at 305p yesterday on a prospective ple of just over 9 - a discount to the market - and with gearing at 38 per cent, the scope for earnings-enhancing acquisi-tions may be limited. That being said, Glynwed's earnings growth is still likely to be 16-17 per cent this year (pushing pre-tax profits np to £103-£104m) and 10 per cent next, better than the market average. Mr Davies' growth record and management abilities are respected anough to ensure that the downside on the

The group set up its house-building operation in August last year and completed its

first bouses in the current

financial year. Dr Paine said that "we are well positioned to bny cheap land and have

achieved a low cost entry into

Group sales increased from

£189.86m to £261.7m and earn-

ings per share rose by 70 per cent to 40.2p. A final dividend of 4.5p gives a total of 6.5p (4.25p) for the year.

the market."

Eagle Trust stake in Owners

apparently contradictory statements concerning the troubled Eagle Trust group's sharehold-ings in Owners Abroad. In a statement to the Stock

Exchange at the beginning of May, Eagle Trust, the mini-conglomerate which was then under different management, claimed to have reduced its holding to below the notifiable

level of 5 per cent. However, Owners Abroad said yesterday that Eagle Trust

agree that Eagle Trust currently holds 14.97 per cent of

particularly eager to build up a

resence. The conditions, under which

foreign companies are allowed to own businesses with access to some of Britain's top defence

secrets, are therefore crucial to a further restructuring of the

industry.

The broad thrust of the GEC/
Siemens undertakings is to
give a green light to this process continuing.

However, because of the
need to protect national security and commercial considerations, much of the detail has
been censored from the published versions.

lished versions.

Only one of the three undertakings — that negotiated by the Office of Fair Trading — has been published in full. It is designed to preserve competition in the defence and traffic

systems markets by ensuring

that GEC does not acquire Plessey's radar, defence com-munications or traffic busi-

these businesses or any of the businesses' assets. However, it

also makes clear that GEC can

acquire up to 5 per cent of Siemens and own Plessey's

his undertaking spells out that GEC should not acquire any shares in

Mr Malcolm Stockdale, who gained control of Eagle Trust at the end of May, said yesterday that under the previous management there had been a contract to sell shares but that it had not been concluded.

Shares in Eagle Trust have been suspended at 18p since Mr Stockdale assumed control and pending the announcement of the group's long delayed pre-liminary results for 1988.

At the end of last month, Mr Stockdale revealed that Eagle Express, the company's parcel delivery subsidiary, had amounted debts of £35m and was being put into liquidation.
A spokesman for Owners

Exchange was made in response to a 212 notice to uncover the beneficial owners of the stake in question.

Defending the nation's defence industry

David White and Hugo Dixon on the rules for future weapons industry takeovers

electronic equipment, known as the Joint Tactical Informa-

tion Distribution System

(JTIDS).

had no reason to doubt tha resulting statement concerning the reduction in the stake, but when there was no corresponding move in the share register they contacted the new management at Eagle Trust to look

A spokesman for the Stock Exchange said that they could not confirm or deny specific investigations. However, they said that any misleading

Caswell and Roke Manor jointly with the German company.

They would include some of the classified research programmes at Plessey Research and Technology, based at Roke

The other two unsertakings, which were negotiated by the Ministry of Defence, are largely being kept secret. They are designed to safeguard UK military secrets and ensure competition for the supply of specific electronic soulment. known Manor. Security worries in the two Security worries in the two defence industry sectors scheduled for Siemens ownership—radar and military communications—are believed to have included a Plessey radar being developed for the next Field Standard C generation of Rapler missiles. This £1.5bn system is due to come into sarvice in the mid-1998 and to provide the main low-level sir defence for British forces well into the next century. The radar project includes sophisticated systems for beating elsectronic counter-measures. The security safeguards involve the nationality of top appointees to Plessey defence companies taken over, and restrictions on Siemens' access to certain highly-sensitive

The British citizenship stipufficials were also thought to be concerned about antilation applies to all company and divisional directors in certain companies, and to all executive directors and a majority of non-executive directors in all UK defence companies involved in the proposed exvestropping protection built into the Ptarmigan communi-cations system used by the British Army of the Rhina, another £1.5bn programme. The network's current voice, data, telegraph and facsimile facilities are due for further additions such as the "Batas" system for controlling the tar-The other restrictions are understood not to exclude the West German company from

geting of gun batteries.
Although Plessey's encryp-tion activities would pass to

GEC under the takeover plan, Plessey has argued that Plan-migan's security protection is "deep in the structure of the system" and cannot be sepa-

Part of the separate under-taking on technology-sharing for JTDS is elso being kept under wraps on grounds of under wraps on grounds of commercial confidentiality. It involves a draft licensing agreement to provide the nec-essary technical information

essary technical information and support to any company nominated as a second-source supplier to the UK MoD.

The JTIDS programma involves a crucial link-up between aircraft and surface forces, it was started with US Defence Department funding by the US Singer company, whose electronic systems division was taken over by Plessey. sion was taken over by Plessey

last year.

The MoD originally wanted GEC and Plessey to compete for equipment contracts on the British and of the project. Under the takeover plan, GEC would take 75 per cent of the

US company.

Bringing another supplier into the programme would be subject to Pentagon approval, but British officials said they saw no reason why the US should object.

Abroad raises questions

THE LONDON Stock Exchange is believed to be looking into

now considers itself to be the beneficial owner of 14.97 per cent of the shares.

According to Owners Abroad, there have been no movements on its share register since the original statement and thus the two statements cannot be reconciled. They

Abroad said that Eagle Trust's original statement to the Stock

any major defence area -cryptography was already sep-

arated from its proposed share

of Plessey - but to focus on specific top-secret technologies.

They said that at first they

announcement concerning the sale of a shareholding would be a "cause for concern."

Green light for Kentish homes to be completed

By Clare Pearson

INSTITUTIONS THAT provided loans for two big esst London residential develop-ments by Kentish Property Group, the beleagnered builder, yesterday gave the go ahead to the receivers to con-tinne constructing the homes. The decisions to support further building provides hope that the 250 buyers who put down deposits will be able to move in to their homes. The developments are at Burrell's Wharf on the Isle of Dogs and Bow Quarter in the East End. Halifax Building Society, which funded Burrell's Wharf, and the syndicate of banks headed by Security Pacific National Bank which financed Bow Quarter, both separately appointed receivers from accountants Peat -Marwick McLintock.

Yesterday Halliax said it

tested those rights. Western has always insisted

very favourable to Western. BP provided most of the

and was to start receiving reve-

would provide further finance so "a revised scheme could be completed as a quality development", even if it meant taking provision for a loss on the project. It was not clear how much further building at the site Halifax envisaged supporting.

Mr Tony Richmond, the receivar, said Kentish had already drawn on Halifax's \$26m loan facility in full. He

would provide further finance

£26m loan facility in full. He said about a further £25m would have been required to complete the development. Mr Roger Oldfield, receiver at Bow Quarter, said he intended the flats to be sold on exactly the original terms.

Within a facility of £24m for Bow Quarter, Kentish had bor-rowed £18m. On Monday, Kentish failed to persuade the High Court to appoint an administrator to run its affairs.

Grindleys Euroficance B.V.

BP challenged on mine sell-off

By Kenneth Gooding, Mining Correspondent

as Macarthy chief

WESTERN Mining, Australia's largest mining group, is chal-lenging British Petroleum's plan to sell a 49 per cent share-holding in the Olympic Dam copper-uranium-gold mine in

Sonth Australia to the RTZ
Corporation of the UK.
Olympic Dam, which came
into production late last year,
has been valued by BP at
\$601m (2360m) and is the only part of BP's \$4.3bn sale of its world-wide minerals and metals assets to RTZ still to be completed.

MR NICHOLAS Ward has resigned as chairman and chief executive of Macarthy, the pharmaceutical wholesaler and

distributor.

Macarthy declined to give

any reason for his resignation but it is believed he left as a

result of board differences over

other 51 per cent of Olympic Dam and is the mine manager, said yesterday it was seeking injunctions against BP and RTZ in the Supreme Court of It claimed the proposed BP

Western, which owns the

sale did not comply with the terms of the joint-venture agreement between Western

The injunction on RTZ would prevent the UK group closing the Olympic Dam deal until the court had ruled on

that it would expect any com-pany buying the BP sharehold-ing to continue the financing arranged with BP on terms funding for the A\$750m (£347m) project to earn its shareholding from Western Nicholas Ward resigns

nue only when mina output reached 150,000 tonnes of cop-per and 4,000 tonnes of uranium – targets which will not be reached for some years. Olympic Dam is the largest will now be split between two directors. Mr John Read, previ-ously a non-executive director of Macarthy and currently chairman and chief executive uranium ore body ever found and one of the largest copper deposits. With 2bn tonnes of proven and probable ore reserves, the mine will have a life of well over 100 of LEP Group, has become chairman. And Mr Ian Parsons, formerly the managing direc-tor of Macarthy's retail divi-sion, has been appointed chief

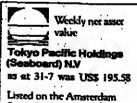
RTZ is particularly keen to acquire an interest in Olympic.

U.S.#100,000,000 the BP issue.
Analysts were unable to guess at Western's motives. Grindlays Bank plc They pointed out that the Australian group had 90 days from July 30 to exercise pre-emptive rights on the Olympic Dam stake and BP had never con-

of the Notes, notice is hereby given that for the interest parted 3 AUGUST 1989 to 5 FEBRUARY 1990 the Notes will beer en interest rate of 8.375% per

The interest payable on the relevant interest Payment Date 5 FEBRUARY 1990 against Coupt No. 12 will be U.S.\$432.71.

ANZ McCaughan



Stock Exchange .. Information.

Pierson, Heldring & Pierson NM

COUNTY NATWEST NATURAL RESOURCES

FOR THE INFORMATION OF

SHAREHOLDERS

FUND LIMITED A dividend of 11.0 pence per participating redeemable preference share for the year to 20th July, 1989 (1987/88 - 10.0 pence per share) has been declared payable on 15th September, 1989 to shareholders registered on 20th July, 1989.

National Westminster Jersey Fund Managers Limited PO Box No 192 23/25 Broad Street

Approved for the purposes of Section 57 of the Financial Services Act 1986 by County NatWest Investment Management Limited, a Member of IMRO. Past performance is not necessarily a guide to the future.

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The new name reflects just one of the changes taking place in realising the present management's objectives.

United Kingdom, United States and Continental Europe - through organic growth and acquisitions.

In the six months to 30 April 1989, turnover was £7.355m; profits before tax were

£40m and a new name, Buckingham International PLC intends to expand its portfolio of leisure-related activities.



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From Orlando to York, Jersey to

landscape.

Leisuretime International PLC).

Objectives aimed at expansion in the

£1.147m and earnings per share were 1.7p.

With shareholders' funds in excess of



INTERNATIONAL PLC

management styles. Mr Ward's joh at Macarthy CHI pays \$12.5m for US truck cab manufacturer

By John Griffiths CH INDUSTRIALS, the UK chemicals and engineering

chemicals and engineering group which already owns Europe's largest independent truck cab maker, has bought a company holding a similar sector-leading position in the US. The \$12.5m (£7.5m) purchase of the truck and body division of Ohio-based Sheller-Globe gives CHI a "world-leading" position in the independent design and manufacture of commercial vehicle cabs, it said last night.

said last night.

Motor Panels (Coventry),
CHI'e UK-based truck cabs subsidiary, produces about 30,000
cabs a year and is a major supplier to Leyland DAF, Iveco Ford and Seddon Atkinson, among others.

among others.

The US company, to be renamed Motor Panels Inc. produces about 20,000 cabs a year of all types, but has capacity for 50,000. Currently, its major customers are Mack Trucks and Western Star.

Its production accounts for about 90 per cent of independently manufactured cabs in the US.

The combined turnover of the two operations will be around \$70m. In its last financial year to December 31 the US company made operating profits of \$6m on turnover of \$47.8m. It is shown as having tangible assets of \$17.1m and borrowing of \$19.2m.

CHI expects Motor Panels Inc to contribute at least \$2m before tax and interest, in the remaining eight months of CHI's financial year. The US company, which employs 350 people, has two plants – at Norwalk, Ohio, and a new one at Kings Moun-

tain, North Carolina, equipped with robotised production lines and fully automated paint facilities. CHI, which is funding the Motor Panels Inc deal with the placing of 5.3m new shares through Kleinwort Benson – mainly to institutions – has

mainly to institutions — has also set up CH Industrials Inc.
It aims to use its first foothold in the US as the start of a marketing campaign for the group's other automotive and transport-related businesses.

These include Tickford, the vehicle engineering and design consultancy which has already worked for General Motors in the US: Tudor Webasto, the car the US; Tudor Webasto, the car sunroof maker and several other component suppliers. CHI has an annual turnover

of £250m and employs nearly

Appears every Saturday.

UK COMPANY NEWS

Chairman encouraged by results and hopes £233m is last substantial provision

Barclays falls 8% after Third World debt

By David Barchard

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BARCLAYS, the largest of the big four UK clearing banks, yesterday announced pre-tax profits of £590m for the six months ended June 30, after

making provisions of £283m against Third World debt.

As a result of the provisions, pre—tax profits were 8 per cent down on last year's £642m. Barclays' profits have fallen less eply than those of Lloyds or National Westminster, the other two clearers to announce their results so far. Before provisions, profit rose by 28 per cent to 2823m.

The results did not enthuse the market, where the shares closed 7p down on the day at

elosed (P down on the day at 505p.

Mr John Quinton, chairman, however, described the figures as very encouraging. "I believe we are now adequately provided at 48 per cent of our LDC exposure and hope that this will be the last substantial provision we have to make," he said.

Barclays total assets now

stand at £126.52bn well above the £98.62bn of a year ago. Total capital resources stood at £9.34bn (£8.17bn).

The largest contribution to profits came from UK domestic banking and treasury operations which provided £493m (£286m). Mr Quinton said the 72 per cent increase reflected the benefit of last year's rights issue as well as the impact of the reorganisation of the UK domestic banking operations in 1987. The chairman said a general

decline in margins had particu-larly affected the group's credit card and finance house busi-

Profits from Central Retail Services, the credit card arm of the bank, were sharply down at £18m (£49m). It was hoped that the card business will per-form better in the second half, after an increase in the interest rate charged to customers on Barclaycard to offset the Profits in the Financial Ser-



John Quinton: drop in margins hit credit card business

vices Division were up at £84m (£47m), despite the downturn in the mortgage markets, because of improved pensions and insurance husiness. Tha mortgage book now stands at

BZW, the securities and investment arm, reported prof-

Barclays Share price (pence)

its of £42m (£27m). However, around half of this came from the sale of BZW's stake in the National Freight Corporation.
Its equities division was said
by Mr Andrew Buxton, vice
- chairman and managing
director, to have made a small

profit but an inadequate return

Profits at Mercantile Credit, the finance house, declined to £35m (£47m) because of higher funding costs and competitive pressures. Among UK associates, the contribution of Yorkshire Bank increased, while that of 3i declined, in the total of £26m (£44m).

In the US, profits were £35m (£49m), while the rest of the world contributed £83m (£50m). Mr Quinton was particularly pleased that Barclays had-

pushed its cost-income ratio down to 63.7 per cent, from 68 per cent in the first half of last

The bank's equity to assets ratio was 5.4 per cent (5.7 per cent), while its risk-assets ratio under the Basie Agreement was 8.9 per cent.

Earnings per share have fallen as a result of the provisions to 35.6p (45p). However, an interim dividend of 11.4p (10p) is declared.

tile bid for Red Funnel Group,

Red Funnel's shares rose 12p yesterday to 254p, their highest level since Sally launched its offer for 51 per cent of the company at 205p per share. The bid values the whole of Red Funnel at £20.9m.

equity was already committed to Sally's offer when it was launched at the end of

June. Red Funnel – the trading name for Southampton Isle of Wight and South of England Royal Mail Steam Packet said the level of acceptances was "derisory". The group believes the cash offer undervalues Red Funnel.

Sally, which said it had not expected a high level of accep-tances at this stage, has extended its bid until August

Wickes constructs advance to £15m

By Edward Sussman

WICKES, the DIY retailer which last September acquired the Hunter timber group for £283m, yesterday said that pre-tax profits for the six months to June 30m soared

from £3.4m to £15m.
On a pro-forma basis, including Hunter Timber, taxable profits rose 33 per cent for the period.

If the group had owned

Timber for the entire year, pre-tax profit for the six months would have been Group turnover tripled to £300.9m from £100.6m, while operating profit moved from £4.47m to £25.3m. Earnings per share increased 53 per cent from 5.3p to 8.1p on a fully diluted basis.

Mr Henry Sweetbaum, chair-man, said that at the same time as e significant capital expenditure programme. net borrowings had decreased to £156m from £234m.

He added that since the Hunter acquisition, Wickes had initiated the largest investment programme ever undertaken in the timber

industry.
While the restructuring still has another year to run, he said the benefits from the programme were already being seen. "Hunter has begun to supply sheet materials to Wickes stores in all countries, while in the UK all softwood sold by Wickes is now supplied from Hunter," he said.

The directors declared an interim dividend of 1p (0.69p). The weighted average num-

ber of shares in issue has increased from 38.88m to 125.87m, the group

Industrial dispute holds Yorkshire Chemicals to £4m

dispute at Yorkshire Chemicals adversely affected profitability of the Leeds-based dyes, tanning materials and speciality chemicals manufacturer.

In the first six months of 1989 the group lifted pre-tax profits by 15 per cent from £3.49m to £4.01m. Mr Phillip Lowe, chairman, said profits would have been "considerably higher" but for an overtime ban which applied throughout the second quarter in support

of a wage claim.
The dispute was settled last month and Mr Lowe said the agreement, which provides sin-gle status for all employees, laid the foundation for a more constructive approach to industrial relations".

Yorkshire was experiencing strong demand worldwide for itstanning colours and auxiliaries. The market for leather process chemicals remained weak, although it displayed

A PROLONGED industrial some signs of improvement towards the end of the

Referring to current trading, Mr Lowe emphasised Yorkshire's expectations of greater production and sales volumes in the second half. Margins should benefit from weaker sterling, increesed selling prices and more efficient pro-

duction, he steted.

Last month's purchase of Pat-Chem of Greenville, South Carolina, for \$6.67m cash (£4m) should support earning growth Mr Lowe said. In the 11 months to June 30 1989, Pat-Chem echieved pre-tax profits of \$711,000 on turnover of \$11.2m.

Group turnover totalled £32.17m (£27.05m) in the first half, of which £28.96m (£23m) came from overseas. After tax of £1.12m (£698,000), earnings per share were unchanged et 15.7p. The interim dividend is 3.5p. up from 3p last time.

DIVIDENDS ANNOUNCED

	Current paymant	Date of payment	Corres - ponding dividend	tor yeer	Total last year
Arienfin	2.2		2	3.3	3
Barclays	11,4☆	Oct 11	10	-	23
Border TV §fin	1.2	Oct 24	1.05	2	1.7
Dele Electricfin	3.1	-	2.5	5.1	4.25
Douglas (Robt M)fin	4.5	-	2.95	6.5	4.25
Food Industriesint	1.64	-	1.3	-	4
Glynwed Intlint	4,15	Dec 13	3.45	-	9.7
Northamberfin	2	-	1,5	2†	1.5
Rentaminster 4fin	1	-	_	2‡	-
Savitle Gordonfin	1.6☆	Oct 27	1.27	2	1.6
Sommerville (Wm)fin	oil	-	11	1	12
Wickesint	1	Oct 2	0.69	-	3.5
Yorkshire Chemsint	3.5	Oct 6	3	-	10

Dividends shown pence per share net except where otherwise stated. Equivelent efter ellowing for scrip issue, fOn capital increased by rights and/or acquisition issues. §USM stock. §SUnquoted stock. \$Third merket. ☆Cerries scrip option. ‡For 13 months. ♣irish currency.

Revaluation of investments gives boost to Ensign shares

SHARES IN Ensign Trust, the investment group controlled by the Merchant Navy Officers' Pension Fund, jumped 13p to 100p yesterday after the com-Pension Fund, jumped 13p to 100p yesterday after the company announced a revaluation a rise of 11.7p in Ensign's net of twelve of its major unquoted investments.

The twelve investments, which are believed to include Filmtrax, the music publisher, and Clipper Hotels, were worth around 36 per cent of Ensign's unquoted portfolio.

After taking independent advice, the directors considered that the aggregate value ing record of the unquoted

IN A YEAR of "considerable achievement and much reor-

ganisation", USM-quoted Border Television has turned in record profits. They were 19.5 per cent

higher at £855,000 for the year to April 30, against £716,000. But deducting £139,000 exceptional cost of ewoluntary severance sthemes left the

asset value per share. Investment companies have faced persistent problems in valuing unquoted securities.

Ensign, like many trusts, had

previously valued such invest-

ments at cost or the latest

traded value.

Border TV static as severance

with a final of 1.2p.
Following the link with Tele-

vision Sales and Marketing Services, Border was well

placed to achieve considerable cost savings by utilising the powerful resources of a large

the Earl of Lonsdale, chair-

slipped to 4.1p (4.2p) but the £244,000 was taken as an dividend is lifted to 2p (1.7p) extraordinary charge. The

sales organisation, and there . While we can have no control

payments eat into profits

severance schemes left the was every prospect of stabilis-pre-tax, balance unchanged at ing market share, according to

groups with similar listed companies and then applying an equivalent price/earnings ratio, less a discount for the lesser marketability of unquoted investments.

> From now on, Ensign will be revaluing its unquoted portfolio at its year end of September 30. The directors said yesterday that they have carried out ing unquoted investments and that they are satisfied that the fair market value is not less than the present carried value (around £117m).

extraordinary charge. The refurbished Clerkenwell huld-

ing is to be retained for leas-

tract round in 1991, Lord Lons-dale said Border was prepared and ready to enter the hidding.

shareholders will see that

every element of the com

over the outcome of a sealed bid, in all other dicumstances

Sally UK extends £21m bid for Red Funnel

By Andrew Hill

SALLY UK Holdings, the Sonthampton company's Scandinavian-owned ferry equity was already committed operator, has extended its hosto Sally's offer when it which runs ferries between Southampton and Cowes.

At the first closing date on Tuesday, Sally had received acceptances representing 9.84 per cent of Red Funnel's capital. About 9.27 per cent of the

BARCLAYS PLC MAINTAINS MOMENTUM.

Mr. John Quinton, Chairman of Barclays PLC, commenting on the results for the first half of the year 1989, said:

The performance of the Group during the first six months of 1989 represents a considerable achievement in today's highly competitive trading environment. Our strategy of focusing our business development activities into areas of greater potential reward has clearly proved its worth.

"Group profit before taxation for the first half of 1989 was £590 million, after deducting £233 million of additional provisions for LDC debt. This is 8% lower

FINANCIAL SUMMARY (UNAUDITED) Half-year ended 30.6.89 30.6.88 £m Profit before LDC provisions 642 823 LDC provisioos* Profit before taxation Taxation 186 231 Profit after taxation Attributable to minority interests Attributable to members of Barclays PLC 397 Dividends 111 Earnings per Ordinary share 35.6p 45.0p Dividends per Ordinary share: First interim (payable 11 October 1989) 11.4p 10.0p Net asset value per Ordinary share Comparative figures for the half-year ended 30 June 1968 have been adjusted to include changes in the

than the first half of 1988 when no major additional provisions for LDC debt were raised. Profit before LDC debt provisions was £823 million, an increase of 28%.

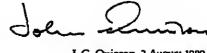
long-term life assurance policies. The information in this announcement does not comprise full accounts within the mean ing of Section 254 of the Companies Act 1985. Full accounts for the year ended 31 December 1988 containing an anqualified

andit report were delivered to the Registrar of Companies in accordance with Section 241 of the Companies Act 1985.

*Provisions against lendings to customers in developing countries experiencing liquidity problems.

Before the extra LDC provisions, we were on course to overcome the dilution of last year's rights issue. That remains a key short-term goal.

"Although trading conditions both in the domestic market and world-wide will remain tight, I am confident that by vigorous cost and management control and by maintaining our focus on the opportunities existing in the marketplace, we will continue to build soundly on the success already achieved."



J. G. Quinton, 2 August 1989.



FURTHER DETAILS OF BARCLAYS RESULTS FOR THE FIRST HALF OF 1989 MAY BE OBTAINED FROM: THE SECRETARY, 54 LOMBARD STREET, LONDON EC3P 3AH.

THE CONTENTS OF THIS ADVERTISEMENT HAVE HEEN APPROVED FOR PURPOSES OF SECTION 37 OF THE FINANCIAL SERVICES ACT 1986 BY BARCLAYS HANK PLC. AN "AUTHORISED PERSON" UNDER THE ACT. IT SHOULD BE NOTED THAT PAST PERFORMANCE IS NOT NECESSABILY AN INDICATION OF FUTURE PERFORMANCE.

Advertising revenue rose man. from £9.4m to £10.2m and pro That will lead to the closure ny's operation has been reviewed to meet whatever test gramme sales soared from of the London sales operation £1.95m to £3.28m. Earnings and a provision for net costs of Gestetner Holdings PLC

On 26th June 1989, the directors declared an interim dividend of 1.5p per share in On 26th August 1989 to holders of Ordinary shares registered at the close of business on 13th July 1989. Holders of Ordinary shares in bearer form should lodge Coupon 128 at Barclays Bank PLC, Stock Exchange Services Department, 54 Lombard Street, London, EC3P 3AH on or after 10th August 1989 for their entitlement to the above dividend.

Ordinary Capital Shares On 26th June 1989, the directors declared a cash dividend of 0.075p per share in respect of the period ending 31st October 1989, payable on 10th August 1989 to holders of Ordinary Capital shares registered at the close of business on 13th July 1989.

In addition, holders of Ordinary Capital shares are reminded of their entitlement to scrip in accordance with the formula set out in the Company's Articles of Association. Such entitlement, based upon each Ordinary Capital share held at close of business on 13th July 1989 is as follows:-

based on the average price of 283.117647p

for each Ordinary Capital share 0.006711 of an held, holders will receive Ordinary Capital Share ... 0.006711 of an

Fractions of new shares will be sold for the benefit of the Company. Scrip, allotted on 21st July 1989, will be despatched to registered shareholders on 9th August 1989.

Holders of Ordinary Capital Shares in bearer form should lodge Coupon 128, with allotment instructions, at Barclays Bank PLC, Stock Exchange Services Department, 54 Lombard Street, London, EC3P 3AH on or after 10th August 1989 for their entitlement to a cash dividend and Ordinary Capital shares (in registered form) in

210 Euston Road London NWI 2DA 3rd August 1989

RLE Lewis

NOTICE OF REDEMPTION ARDAL og SUNNDAL VERK a.s. US\$1,500,000 81/2% NOTES DUE 1992

NOTICE IS HEREBY GIVEN, that pursuant to the Terms and Conditions of the Notes US\$1,500,000 principal amount of said Notes have been drawn for redemption in the presence of a Notary Public on 21st July 1989 by Hill Samuel Bank Limited.

The serial numbers of Notes drawn in lots of ten consecutively numbered are as

0071-0080	0981-0990		1751-1760
0131-0140	. 1021-1030		1851-1860
0281-0290	1071-1080		1931-1940
0331-0340	1141-1150		2021-2030
0401-0418	1191-1200	,	2191-2200
0541-0550	1271-1280		2281-2290
0641-0650	1411-1420-		2461-2470
0721-0730	1551-1560		2501-2510
0801-0810	1611-1620		2531-2540
0001 0010	1701-1710		2751-2760

US71-USS0 1701-1710 The Notes redeemed will be paid at the principal amount thereof, together with accrued interest to 15th September 1989. On and after 15th September 1989 interest shall cease to accrue on the Notes drawn for redemption.

3rd August 1989

Saville Gordon launches £9.2m bid |Beazer

J SAVILLE GORDON, the Birmingham-hased property and merchanting group, yesterday accompanied a sharp increase in annual profits from £6.02m to £7.71m with an agreed offer for another prop-

erty company.
It is to pay £9.2m for London & Overseas Land, an investment and development group whose shares are traded under the Stock Exchange's Rule 535 on a matched hargain basis. The London & Overseas investment.

in the US through a mixture of

joint ventures and direct

property portfolio, like Saville Gordon's, consists largely of high street retail sites in mar-ket towns. It also has interests

The company made pre-tax profits of £1.2m in the year to March, although this figure was boosted by the sale of a hig property development. The previous year saw a loss of £243,000.

Saville Gordon is offering

BOARD MEETINGS

il. Abbey, BCE, Crown Eyeglass, Gibbon Lynx, Mid Wynd International Inv Yenning Research & Systems, Radiani

,	PUTURE DATES	
	Interime-	
	Arich	Aug. 9
	Altience Trust	Aug. 11
	BTR	Sep. 13
	Bank of Scotland	Sep. 27
	Bullers	Aug. 10
	F & C Enterprise	Aug. 14
	Fairway (London)	Aug. 9
	Fite Indimer	Aug. 16
	More O'Ferrall	Aug. 23
	Helvon	Aug. 7
	Hichardson Westgarth	Aug. 21
	Rugby	Sep. 11
•	Wilson Bowden	Sep. 7
,	Finale-	
t	Dunton	Aug. 7
	Oceana Considered	Aug. 4

month Libor are offered as an alternative to cash.

A strong performance from Saville Gordon's property operations undarpinned the group's 28% pre-tax advance in the year to April. These activi-ties increased their contribution before interest from £2.97m to £6.92m. Pipeline and engineering

equipment merchanting was 25 per cent ahead at £2.51m Group turnover rose to £86m (£70.8m) and earnings per share were ahead 26 per cent at 5.3p (4.2p). A final dividend of 1.6p is proposed, making 2p

COMMENT A back-handed insult it may he, hnt Saville Gordon is investing in the wrong shares.

123.5p cash for each London & While its securities dealing Overseas share, or one of its own shares – unchanged at 71p yesterday – plus 61.5p cash. Loan notes yielding 1 percentage point below six-ahead by 23 per cent to 53p, operation caught a chill in the soggy market conditions prevailing in the year to April, the group's own shares surged ahead by 23 per cent to 53p, and in the three months since, have already added another 34 per cent to that level. There may yet be further to go, for the market does not seem to the market does not seem to have fully assimilated Saville Gordon's transformation from scrap merchant to property group, nor the management's ability to exploit the naw group's potential. The London & Overseas acquisition appears to dovetail neatly with the existing property portfolio, but even without it toe group could be looking at 11m pre-tax this year. At 71p, the prospec-tive price earnings multiple of a little over 9 is still paying more regard to Saville Gordon's anomalous presence in the engineering sector than to the reality of where the profits are coming from.

Potential bidder materialises for MTS

THE TROUBLES at Meat Trade Suppliers, the sausage casing supplier with appealing property interests, have taken an another twist with the appearance yesterday of a potential bidder for the com-

A joint venture set up by Mr Stephan Wingate, a UK property developer, and Mr Freddy Hirsch, a leading South Afri-can butchers' supplier, has acquired rights to a 24.54 per cent stake in MTS through a joint venture called Twigrealm. Hambros Bank, Twigrealm's

advisers, said the rights were conditional on Twigrealm launching a successful bid for

following a sharp fall in pre-tax

profits for the year to May 31.

The company, 69 per cent owned by James River Corpo-ration, the US paper group, saw pre-tax profits decline to

to £577,000, compared with £866,000 in the previous year.

cial backing from James River, which acquired the stake hold-

ing earlier this year through

RENTAMINSTER, the per-

sonnel resource management company which came to the

Third Market in August 1988,

is acquiring Sales Boosters International, involved in sales

training and management

The company also

announced pre-tax profits of

£309,000 for the 13 months to June 30 1989 compared with

£280,000 for the previous year.

Turnover was £3.45m (£2.95m).

systems, for a total of £9.3m.

Directors said that the finan-

expected to announce a reverse takeover by an undisclosed property company. It is uncer-tain if the reverse takeover will go through or if a hattle between the two groups will

None of the involved parties would disclose possible terms, but at last March's suspension price of 430p, MTS is presently valued at about £11.3m. The identity of the stake's seller was undisclosed, hnt

Hambros said that under stock exchange rules the seller is considered a single party. This, together with the size of the stake, indicates that the

seller was 83-year old Mr Wil-MTS.
The announcement came just one day before MTS was liam Anstis, MTS's founder, and three of his children. Adding to that likelihood is a

The James River offer has

been opposed by IEP Securi-

ties, a UK vehicle of Sir Ron Brierley, the New Zealand businessman, which declined

to sell its 25 per cent holding at what it considers an inade-

quate price.

William Sommerville will pay a total dividend for the year of 1p compared with 12p last year, directors said.

Rentaminster £9.3m buy as profits rise

A final dividend of 1p is pro-posed, making 2p for the period. Earnings amounted to

5.52p compared with 7.26p or

Consideration is being satis-

fied by the issue of 7.26m new

an adjusted 4.7p.

Wm Sommerville omits final

WILLIAM SOMMERVILLE & an offer of 720p per share, will son, the Scottish paper group, has omitted its final dividend through these difficult times."

25-year business relationship that has existed between Mr Anstis and Mr Hirsch. Mr Anstis was removed as chair-man of Meat Trade last year. Last month a vote on his

total removal from the board was averted by his resignation. A bntcher since the 1920s, Mr Anstis resisted attempts to move away from the traditional, hat quickly fading MTS meat-related business. He used his board position to block property development propos als but he eventually lost out to a faction led by his daugh-ter. Mrs Samantha Allan, the chairman, and backed by M&G Trusts, Britain's biggest unit trust group, which holds a 16.5

per cent stake.
It emerged yesterday that as

The combination of poorer

trading results and a much more uncertain outlook in the

marketplace, with increased

pressure on margins and an

extensive capital expenditure programme, leads the directors

to consider that the payment of

a final dividend would not be

Earnings per share sagged

from 89.3p to 57.26p.

appropriate.

a condition of his resignation, Mr Anstis insisted on independent trustees for the MTS trust, held for the benefit of the Anstis grandchildren.

Previously, both Mr Anstis and Mrs Allan served as trust-ees. The trust's 18 per cent stake is likely to be crucial in determining any bid's success. Mr Jonathan Klein, a Hambros adviser, said that if successful, Twigrealm would develop the MTS butcher supply husiness and the property sites. MTS owns properties in Smithfield, Hayes and Stafford. "This company has a lot of history and a lot of emotion in it," Mr Klein said. "All we want to do is look at this in a business like way and keep the emotion out of it."

Dale Electric generates 41% rise to £2.4m

With most of its aims being achieved in the year to April 30 1989, Dale Electric International increased pre-tax profits by 41 per cent on turnover ahead by 30 per cent.

The group makes generating sets, aerospace ground power units and DC power systems. It started the current year with a record £28m order book, standing at six months budgeted turnover, giving flexibility to concentrate on programmes that had additional profit-cre-ation at core, reported Mr Tom McDonald, chairman.

Turnover totalled £51.83m (£39.97m) and profit £2.4m (£1.7m), after interest charges of £1.39m (£927,000). The new Grange factory came on line last September. This increased working capital needs and a targeted reduction in gearing was not achieved. However, the group absorbed the impact on profits and intended to chal-

total of 5.1p (4.25p).

venture By Edward Susaman

unveils

Japanese

BEAZER, the construction company, has launched a venture in Japan with C Itoh, a trading company, and Sumitomo Trust & Banking, one of Japan's largest banks. The venture, to be called

Beazer (Japan), will be 90 per cent owned by Beazer, with the two Japanese companies evenly splitting the remaining stake. The company will have an initial capital value of £263,000.

The company's president, Mr Yasuhiko Masuoka, said feasibility studies were under-way and the company hoped to begin its first project next

Itoh was expected to assist in the property and marketing aspects of the business, with Sumitomo providing development capital and financing for

house buyers.
Mr Matthew Thorne, Beazer investment director, said yes-terday that the venture was more important for long-term potential and the cementing of relations with its partners than for short-term gains. Other ventures in Japan remained possible for Beazer, he said.

Food Industries advances 58%

Food Industries, the Dublin-based dairy, preserves and cold storage group subsid-iary of Goodman Interna-tional, reported a 58 per cent increase in pre-tax profits from I£2.57m to I£4.05m (£3.5m) for the six months to June 30.

The directors were confident that the group would continue to perform to hudgeted levels during the remainder of the

Turnover was £68.2m (£50m); tax took £303,000 (£260,000) and minorities £51,000 (£73,000) leaving earnings of 9.81p (6.09p) per share. The interim dividend is 1.6p (1.3p). There was an extraordinary profit last time of £497,000.

EMAP takes 9% stake in The Builder Group

EMAP, the printing and publishing company, has labeled a 9 per cent stake in The Builder Group, a publisher of business periodicals concerning the hulding and property industries which joined the main market in June last year.

EMAP told Builder that its intentions were literally However, Builder put out a clear signal that it intended to remain independent with the statement that any further increase in EMAP's stake would be unwelcome. would be unwelcome.

Yesterday, Mr Brish Griffin, Builder's chairman; said. "I haven't the slightest idea of what they say." Mr. Robin Miller, EMAP chief executive, said. To us this is merely a jolly good investment. We are no Suzangers to holding states, in compenies on a long-term pasts.

EMAP Ecquired the stake when a merchant bank offered when a merchant bank offered it a tranche of shares held by some private shareholders, he said.

Builder, a long-established company with Building maga-zine at its one, also has a number of joint ventures with pro-fessional and trade bodies. notably the Royal Institution of Chartered Surveyors. In the year to end-March, it made 22.78m pre-tax on turnover of £15.8m.

EMAP, a highly regarded company with an acquisitive past, lifted pre-tax profits by 34 per cent to £33.5m on a 24 per cent rise in sales to £233m in the year to April 1.

Spanish move for Trafalgar

TRAFALGAR HOUSE, the construction, property, shipping and hotels group, is expanding its engineering and construction activities in continental Europe with the forma-tion of a joint company in

Its John Brown subsidiary will have a 50 per cent stake in the new company. Sener Ingen-ieria y Sistemaa is the other

The company, John Brown

Sener, is looking to service the polymer, fine chemical, and oil and gas industries in Spain, Portugal and Latin America.

John Brown, which provides engineering and construction services to the energy, chemi-cal, pharmaceutical and other process industries, has an oper-ational base in the Nether-

In January, it moved into France through a joint venture with Sofresid, the French con-

Sener, with main offices in Ribao, has worked in a num-ber of Latin American countries as well as in Spain. The Iberian peninsular has siso proved a recent focus of attention for Trafalgar House's leisure division. In June, it announced the purchase of a 200-acre complex at Quinta do Lago in Portugal, adding to its existing development in the

Arlen dips 10% to £1.65m

CONTINUED expenditure and disruption caused by the development of a range of wall switches and sockets again proved a drain on profits at Arlen, the Berkshirebased electrical accessories

group. Mr Leslie Hancock, chair-

man, said that the project would also affect trading in the first half of the current

At the pre-tax level, profits dipped 10 per cent from £1.84m to £1.65m. Turnover rose to £18.03m (£14.95m). Earnings per 20p share worked through

at 9.5p (12.4p) and the recom-mended final dividend is raised to 2.2p giving 3.3p (3p) for the

Costs associated with an abortive acquisition were taken below the line as an extraordinary charge of

18% growth for Northamber

NORTHAMBER, the Surrey-based supplier of com-puters, printers and peripheral products, announced an 18 per cent increase in pre-tax profits despite disappointing second half results that coincided with a marked slowdown in the growth of the overall personal computer market

For the year ended Annil 30

1989, the group lifted profits from £5.24m to £6.16m. Turn-over advanced 52 per cent to £101.9m (£67m).

Earnings per share rose to 22.9p (20.7p). Net assets per share jumped 85 per cent from 53.2p to 98.5p. The directors are recommending a dividend of 2p (1.5p) for the year.

Mr David Phillips, chairman, said the new financial year had started well.

Excalibur purchase

Excalibur Group has acquired Hadrian International for £650,000 in cash. It is subject to downward adjustment based on completion accounts.

New assault from Molins

MOLINS has again attacked the takeover hld from IEP Securities, a UK vehicle of Sir Ron Brierley, the New Zealand businessman, following its decision to extend the offer.

IEP received acceptances for only 1,962 share in response to

the 190p per share bid, which lifted its holding to slightly

over 29 per cent of the capital. The offer has been extended to

August 15. Molins directors again rejected the offer as inadequate and said that they hoped IEP would accept the strong message given by Molins shareholders and let them get on with running the company.

COMPANY NEWS IN BRIEF

CANNON STREET Investments has acquired Pearl Contracts (Holdings), principally involved in indus-trial and commercial building maintenance, for an initial consideration of £440,000 cash. Further profit-related payments may be made to a maximum consideration of £10m.

CONTROL TECHNIQUES and Dana Corporation have established a joint venture to be equally owned by the parties to engineer, manufacture and market AC and DC industrial drive saystems in North and South America. The joint venture will be known as Warner

Control Techniques.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- indices of industrial production, manufacturing output (1965 – 100); engineering orders (t billion); retail sales volume (1965 – 100); registered unemployment (excluding school leavers) and untillied vacancies (000s). All sessonally adjusted.

107.5 110.8 31.4 117.0 716.7 1940 Tat otr. 226,7 226,2 236,1 222,9 222,1 216,2 226,4

Elliot (B): Prudential Corpora-tion now holds 2.5m ordinary (5.09 per cent). Embassy Property: Stonehill has acquired 1.4m shares (18.3 (7.52 per cent). Macro 4: WS Macmillan has sold 50,000 ordinary and now holds 2.54m (11.5 per cent). per cent) at 258p from Ensign Trust. Ensign owns 24.9 per cent of the share capital of Sto-Merlin International: Peter

> Emess has acquired 625,000 common shares in Genlyte (4.9 per cent) for about \$7m (£4.3m) cash. Fife Indmar: 3i Group has an

interest in 893,000 ordinary (8.9

per cent).

per cent).
Frogmore: Markheath Securities has acquired a further 75,000 ordinary, hringing holding to 7.64m (19.2 per cent).
Goal Petroleum: Clyde Petroleum has placed its holding of 25,000 ordinary characters. 23.83m ordinary shares (18 per cent) with institutions at 104p per share. The Water Authorities Superannuation Fund's interest in Goal is now 15.07m

ordinary (11.26 per cent).

Halls Homes and Gardens:

190,000 ordinary, bringing hold-ing to 983,538 (9.4 per cent). Hanover Druce: AR Shaw, a hanover Druce: AR Shaw, a director, has acquired 25,000 ordinary (0.41 per cent) at 160p each, bringing his total holding to 671,000 (10.9 per cent). SA Parnes, also a director, has acquired 25,000 ordinary (0.41 per cent) bringing holding to 648,701 (10.54 per cent).

Hornby Group: Discretionary investments managed by Mer-cury Asset Management represent 14.58 per cent of the capi-

(12.2 per cent). London Overseas Freight: Seneca Shipping Corporation has disposed of 111,111 ordinary (0.89 per cent). Total holding

Jevans, chief executive, has purchased 40,000 ordinary at 57p each. He now holds 2.35m

per cent).
Plaxton Gronp: Hornby Trading has acquired a total of 4.25m ordinary (11.24 per cent). It has also disposed of 2.4m ordinary, bringing holding to 4.89 per cent. Racal Telecom: BNY (Nomi-

per cent). Rathhone Bros: JR Leigh, a director, has sold 44,000 ordinary at 170p each reducing his

Following a recent sale Water Authorities Superannuation Fund now owns 22.5m capital shares (80 per cent).

notifiable interest. Second Alliance Trust: Guard-

William Sommervilla: NCB Trust has acquired 2,150 ordinary (0.34 per cent) at 750p each. The total holding is now 150,800 (23.56 per cent). total holding to 354,000 (5.5 per Stirling Group: Worthington

has acquired 635,000 ordinary (1.7 per cent) for £362,903. Sun Life Assurance: UAP Group of France has bought another 750,000 (1.26 per cent) shares taking total holding to 13.18m shares (22.2 per cent). TGI: TEW Bennett, a director, has disposed of 150,000 ordi-nary (0.7 per cent) at 174p per share. Total holding now 1.23m shares (5.7 per cent). Total Systems: Sales of shares

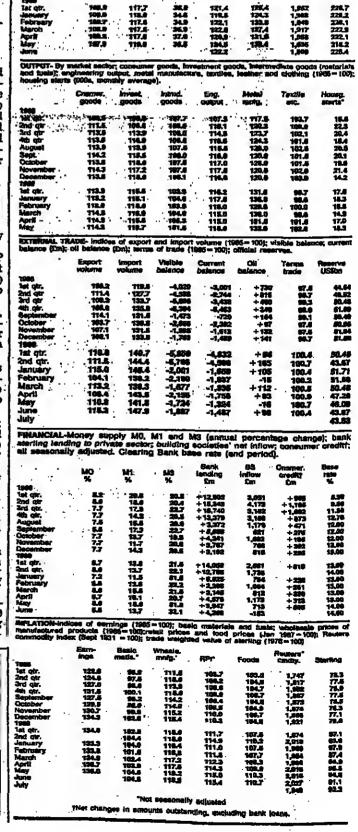
on behalf of various discretionary clients of Albert E Sharphave reduced their holding to 523,150 ordinary (5.2 per cent). Triplex Lloyd: The Kuwait Investment Office has acquired 250,000 shares (0.56 per cent) lifting holding to 3.64m (8.2 per cent). TR Trustees: Equitable Life

Assurance has sold 2m ordinary and now holds 8.57m (4.81 per cent). Warner Estates has bought in 25,000 of its shares at 203p each for redemption.

Waverley Mining Finace: With effect from July 14, the South Yorkshire Pensions Authority is the beneficial holder of 750,000 ordinary (6 per cent). Wyndham: the Prudential Cor poration has acquired 75,000 ordinary, bringing its holding to 410,000 (6.64 per cent).

£150,000,000 **Bristol & West Building Society** Floating Rate Notes due 1994

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GEOFUND CONVERTIBLE BONDS SICAV

R.C. Luxembourg No B 21603

Notice of Meetings

Notice is hereby given that an Extraordinary General Meeting and the General Meeting are to be held at the offices of Krediethank S.A. Luxembourgeoise, 43, boulevard Royal, Luxembourg on Friday 18th August, 1989 at 2.30 p.m. and 3.00 p.m. respectively.

Agenda

To amend the Articles of Incorporation including:

 Amendment of Article 1 to effect the change of name of the Company to • CB Fund International •.

Amendment of the first sentence of Article 3 by adding before the word

*securities, the word *transferable*,
Amendment of the second paragraph of Article 3 by replacing the reference to the law of 25th August, 1983 by a reference to the law of 30th March, 1988, ents to articles 8, 11, 12, 16, 20, 22, 23, 25, 27 and the last article for the purpose of:

making changes required or permitted pursuant to the law of 30th March, 1988 on collective investment undertakings,
 making changes to take into account unnendments to the law of 10th August, 1915 on commercial companies,
 making any other amendment required by a supervisory authority and/or deemed necessary by the legal advisers of the Company.

Submission of the reports of the Board of Directors and of the Auditor. Approval of the Audited Annual Report at 31st May, 1989. Declaration of a Final Dividend.
Ratification of the co-option of Mr K. Seto as Director. Discharge of the Directors and of the Auditor in respect of their duties carried out for the year ended 31st May, 1989.
Receipt of an action on nomination for election of the following as Mr K. Aiba Mr K. Seto

and the Auditor for a new term of one year.

Miscellaneous business as may properly come before the Meeting. The shareholders are advised that for the resolutions to be passed at the Extraordinary General Meeting a quorum of one half of the shares outstanding is required and resolutions must be passed by an affirmative vote of two thirds of the shares present or represented at such Meeting. No quorum is required at the Ordinary General Meeting and decisions will be passed by a simple

majority.

Proxy forms are available upon request at Manufacturers Hanover Asset Management Limited, Manufacturers Hanover House, Le Truchot, St. Peter Port, Guernsey, Channel Islands, Tel (0481) 23961, In order to be valid proxy forms duly completed must be received by Manufacturers Hanover Asset Management Limited, P.O. Box 187, Manufacturers Hanover House, Le Truchot, St. Peter Port, Guernsey, Channel Islands, on August 14th, 1989 at 5,00 p.m. at the latest.

The Board of Directors

underwritten. The purchase includes SBI's Hunting wholly owned subsidiaries, Structured Training and Sales Control and Record Systems The three way merger between Hunting Gibson, Hunting Asso-ciated Industries and Hunting and the properties from which Petroleum Services has been

declared wholly unconditional.

announced recently include:

longer has a notifiable stake.

the purchase of 3m ordinary

cially interested in any shares. He remains beneficially inter-

ested in 2.56m ordinary (about 37.8 per cent). Directors MJ Wilson and SF Carnegle are

iointly interested in 1.43m ordi-

Domino Printing Sciences: Vivian Gray nominees holds

3.3m ordinary.
Drayton Consolidated Trust;
Equitable Life Assurance Soci-

ety has acquired 100,000 ordinary (0.29 per cent). Total hold-

ing now 4.2m shares (12.29 per

nary (about 21.1 per cent).

ordinary shares at 65p, a proposed 1.35m rights issue on a one-for-three basis at 65p and an issue of £1.83m secured loan stock 1991. The offer is fully

lenge the gearing level. The new group is to trade under the name Hunting.

Earnings worked through at 12.98p (8.35p) and a proposed final dividend of 3.1p makes a

SHARL STAKES

CHANGES in share stakes Scottish Amicable Investment Managers has purchased City of Oxford Investment Trust: Olliff and Partners no Clarke Nickolls and Coombs: London Securities completed shares (29 per cent) from Tiphook Associated Finance. Domestic and General: Martin Copley is no longer non-benefi-

> Laing Properties: BO Chilver has acquired 10,000 ordinary, hringing total holding to 7.37m

> now 8.04m (64.29 per cent). London International: Govett Strategic Investment Trust is now interested in 9.9m shares

(8.6 per cent). Pegasus Gronp: Prudential Assurance now manages a total of 378,000 ordinary (8.7

nees) has an interest in 143.4m Racal Telecom ordinary (14.34

cent). CW Kinloch, a director, has sold 45,000 ordinary at 170p each with the resultant holding now 359,553 (5.59 per cent). Rea Holdings: International Investment Trust Company of Jersey has acquired 54,516 ordi-

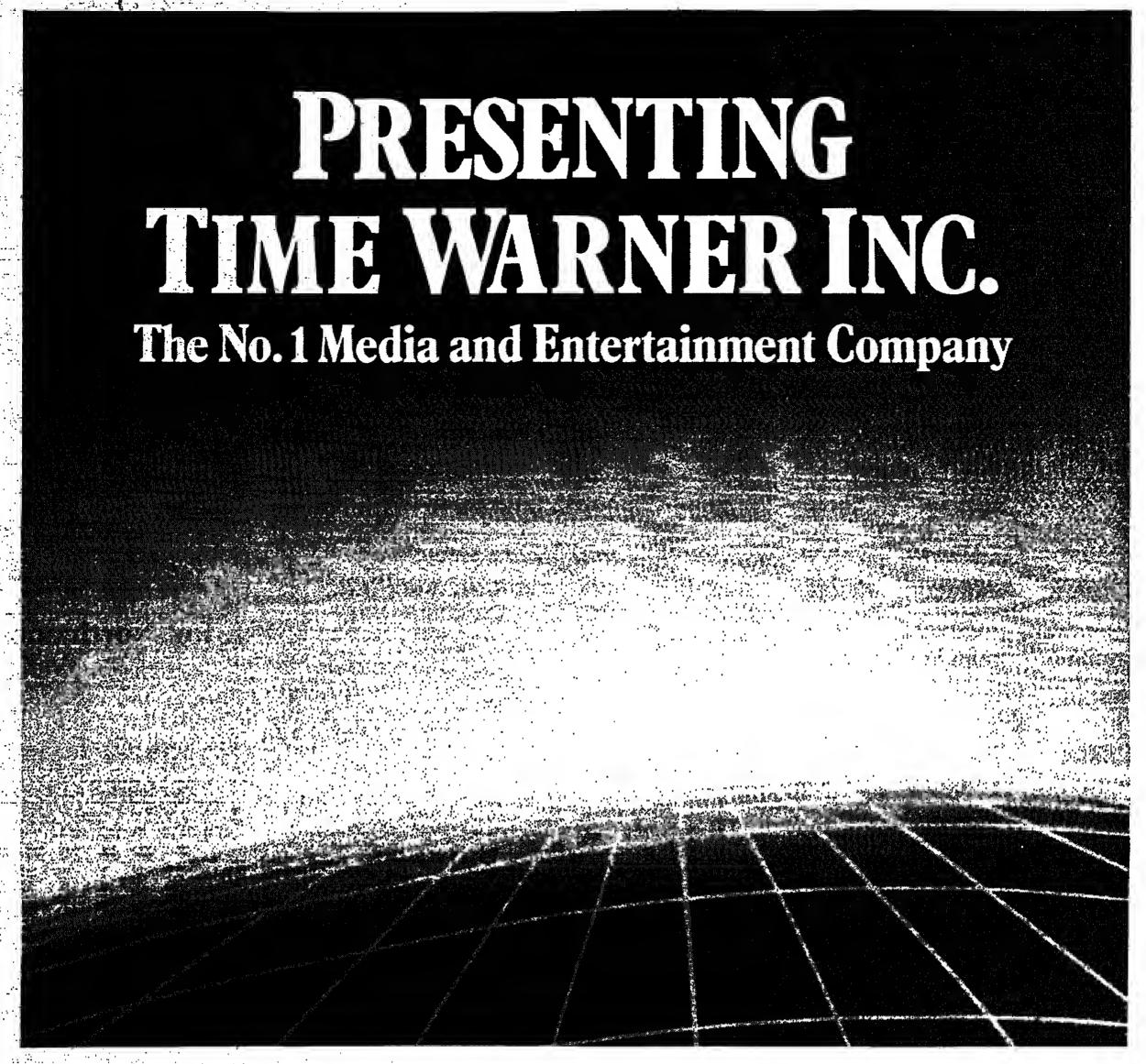
Jersey has acquired 54,516 ordinary (0.88 per cent) and disposed of 14,336 (0.23 per cent). The holding is now 3.24m shares (51.76 per cent). Regalian Properties has bought in for cancellation 50,000 shares at 108p per share. River and Mercantile American Capital and Income Trust: Pollowing a recent sale Water

Sale Tilney: Bardsey has acculred 700,000 ordinary (2.75 cent). Bardsey has paid n cash, equivalent to an average of 214p per share. average of 214p per share.

Schroders: One-Forty-Five
Trust has increased its holding
with the result that the company is now interested in a
total of 202m Schroder shares
(8.06 per cent). JHR Schroder
has reduced his holding with
the result that he no longer has a notifiable interest in 5 per cent of the company's capi-tal Egham and Islay Trustees have also ceased to have a

ian Royal Exchange has dis-posed of its entire holding of £89,500 of 3.15 per cent plus tax credit cumulative preference stock (11.2 per cent).
Smith New Court: The trustees of the UK Settlement relating to the Smith New Court 1989 No1 Employee share option scheme have acquired 2.51m shares (8.3 per cent) of the company.

For the initial interest period August 2, 1989 to November 2, 1989, the rate has been determined at 13%%. The interest payable on the relevant interest payable on the relevant interest data November 2, 1989 will be 2351.90 per £10.000 and £3,513.01 per £100,000 in bearer form.



With the completion of Time Inc's tender for the majority of the common stock of Warner Communications Inc., a new company has been born-TIME WARNER INC. Two dynamic corporations with histories of distinguished achievement are now united:

☐ To gather, create and disseminate news, information and entertainment of the highest quality to a worldwide market.

☐ To build long-term value for the company's shareholders, employees, business partners and other stakeholders.

☐ To multiply the separate strengths of Time and Warner through synergistic initiatives on a global basis. ☐ To preserve our unique creative environments, which ensure continued leadership in our fields.

☐ To anticipate technological change and apply it to our products.

Magazines

Time . Fortune Sports Illustrated Money People Life S.I. For Kids Entertainment Weekly Asiaweek Yazhou Zhoukan Southern Living

Progressive Farmer Southern Accents Cooking Light Travel South Southpoint Parenting Hippocrates President Fortune France Fortune Italia Warner Publisher Services Time Distribution Services

Whittle Communications American Family Publishers DC Comics Mad Magazine American Lawyer Media **Publications**

Filmed Entertainment Warner Bros. Motion Pictures Warner Bros. Television Lorimar Television Warner Home Video

☐ To make a difference in the lives of TIME WARNER customers and the community at large.

From Day One TIME WARNER has the right ingredients to achieve its strategic goals. With \$25 billion of equity and debt capitalization, revenues of more than \$10 billion and annual operating cash flow of more than \$2 billion, TIME WARNER begins with impressive financial resources.

Above all, we have the leadership, the creative talent, a dedicated staff of 35,000 and the right combination of business franchises—the best in Magazines, Filmed Entertainment, Cable Television and Cable Programming, Recorded Music and Music Publishing, and Books. As the following roster indicates, TIME WARNER's major products and operations are among the world's most familiar trademarks, ranking at or near the top of their categories.

HBO Video Time-Life Home Video Licensing Corp. of America

Cable Television and Cable Programming American Television and Communications Warner Cable Communications HBO Cinemax

The Comedy Channel

Recorded Music and Music Publishing Warner Bros. Records Reprise Records Atlantic Records

ATCO Records

Elektra/Asylum/ Nonesuch Records Geffen Records WEA Corp. WEA International WEA Manufacturing

Warner Special Products Warner/Chappell Music Ivy Hill Corporation Time-Life Music

Books

Time-Life Books Little, Brown Book-of-the-Month Club Oxmoor House Scott, Foresman Warner Books

This Is Only the Beginning. **TIME WARNER INC.**

COMMODITIES AND AGRICULTURE

EC defers milk hormone decision

By Tim Dickson in Brussels

THE highly charged debate on bovine somatotropin (BST) took e new twist yesterday when the European Commis-sion unexpectedly shied away from formalising its position on the licensing for commer-cial use of the controversial

milk boosting hormone.

Plans drawn up by the EC's
Agriculture Commissioner Mr
Raymond MacSharry for an 18month to 2-year moratorium on month to 2-year moratorium on the licensing of .BST, on the grounds that more scientific studies were necessary, have been widely known in Brussels in recent weeks. It had been generally assumed that his Commissioner colleagues would endorse the proposal at

their meeting yesterday — the last before the summer break. That outcome indeed seemed all the more likely after an earlier discussion by the Commissioners' senior advisers, which ended with almost all those present in favour of the Mac-Sharry approach.



deeply disappointed

to have been deeply disappointed hy the apparent change of heart by some senior Commissioners, a development which was being attributed in some quarters to persuasive last minute lobbying by the US Government. "There were Mr MacSharry is understood phone calls from the US

Ambassador and it was clearly decided that we couldn't upset our American friends," one well placed EC official commented disparagingly.
Yesterday's events are likely

to be interpreted as a victory for the multinational drug companies, which have poured billions of dollars into the research and development of BST. The hormone's commer-cial potential lies in the claim that it can boost the milk yield of cows by perhaps 10 to 20 per cent and the consequent cost saving that represents for farmers - but at the same time its discovery has excited fear and alarm about health and safety implications among EC

while opposition to BST has centred on the questions of human safety and animal welfare, however, many in Brussels also argue that artificial substances of this kind will unnecessarily exacerbate the problem of EC dairy surpluses. Mr MacSharry's position is

that the EC should not pre-judge the issue and should await the outcome of scientific tests which are not yet com-plete. An official last night insisted that his plan for a moratorium was a "standatill exercise" designed to make sure that individual member states did not unilaterally license the product and thus license the product and thus distort internal trade in dairy products. There would be no adverse impact on trade or the EC's undertakings in the General Agreement on Tariffs and Trade.

Mr Thomas Niles, the US Ambassador to the EC in Brussels, said last night that he and his staff talk to EC officials confirm any telephone calls. "We are not saying anything on BST one way or the other. We don't know. The testing process is under way in North America and Europe but it is by no means concluded. It is a

and Commissioners "the whole time" but that he could not

very lengthy process.

Claims for BST 'are highly misleading'

By Bridget Bloom, Agriculture Correspondent

CLAIMS by its manufacturers that the new milk hormone bovine somatotropin (BST) increases milk yields without changing milk and without affecting cows receiving it are highly misleading, a US aca-demic believes.

Professor Samuel Epstein. professor of environmental and occupational medicine at the University of Illinois medical centre, argues in a paper just published in the US that industry claims for BST are based on insufficient research. He also argues that the use of milk hormones could pose serious risks to human health which bave not heen ade-

Increased levels of BST in milk could induce premature growth and breast stimulation in infants and possibly pro-mote breast cancer in adults,

Professor Epstein says.
The much heralded possibility of 15-20 per cent increases in milk yields from the com-mercial use of BST are exaggerated, he believes. At the same time, research so far shows that contrary to the manufacturer's claims, cows injected with BST could be more susceptible to disease.

Professor Epstein's criticism of BST comes at a delicate time following yesterday's announcement by the European Commission that it will decision on whether to extend its ban on the use of BST for a further 18 months to two years to allow for further tests.

The principal companies on

the verge of producing BST commercially, including the US chemical giants Monsanto and Eli Lilly, had been hoping that the EC would approve its use later this year, in line with the US, which is widely expected to licenss the hormone for

commercial use. Last month, Mr Clayton Yeutter, US Agriculture Secre-tary, warned that an extension of the han would be strongly opposed by Washington and could damage trade relations

ned until "a wids range of con-cerns on public health and vet-erinary safety have been posed and fully resolved."

postpone for a short while a between the US and the EC. In his paper, which has been submitted to the US Food and Drug Administration, the regulatory authority for such products, Prof Epstein argues that the manufacture, sale and export of BST should be ban-

> Prof Epstein alleges that, so far, industry claims for BST "exaggerate efficacy, omit reference to documented adverse veterinary effects and fail to undertake critical studies which could elicit information on adverse veterinary and pub-lic health effects."

crop. The broker would make no ders for its nine cattle stations

on rumours of Ivorian crop sale

By Richard Mooney

COCOA FUTURES prices leapt to the highest level since August last year yesterday as strong rumours circulated that Philipp Brothers, the hig US trade house, had bought 500,000 tonnes of the Ivory

Coast's 1989-90 crop.
On the London futures market, where prices had been drifting lower in recent weeks, the December position jumped to £955 during the morning in response to expectations that a Phibro/Ivorian deal would be announced officially around midday. Prices fell back when that confirmation failed to materialise, but with most traders remaining convinced that the deal had been done the December price still closed

552 up at £943 a tonne.
While recognising that such a deal would make no actual difference to the cocoa supply/ demand balance, which is in heavy surplus, dealers said that the prospect of such a large amount of Ivorian cocea being controlled by a single operator was bound to make for a nervous market.

The Ivory Coast has become

the world's dominant producer in recent years and its beans have become increasingly important in chocolate recipes. In its June market report Gill & Duffus, the London trade house, put the country's 1988/ 89 crop at 780,000 tonnes, 32 per cent of the world total.

Phibro first appeared in a lesding role on the Ivorian cocca scene in May, when it was rumoured that it bad struck a deal to buy 150,000 tomes of the country's current (1988/89) crop and 450,000 tomes of the new (1989/90)

comment then or two weeks later, when it was rumoured to be taking the remainder of the Ivorian 1988/89 crop, amounting to some 280,000 tonnes. The second rumour, which was later confirmed by the Ivory Coast Government, was accompanied by talk that the US company had also secured an option to buy up to 500,000 of the next Ivory Coast crop.

Cocoa soars Manganese latches onto the boom in world steel

By Chris Sherwell, recently on Groote Eylandt

A S minerals go, manga-ness scarcely rates. R. lacks the glambur of gold, the brass of base metals and the sheer scale of coal or

iron ore.
Yet manganess is one of the untrumpeted beneficieries of the current world steel booss. And beneath a small corner of this tropical Island in Australia's Gulf of Carpentaria lies one of the world's largest and most efficiently mined depos-

At 60 km by 60 km, Groote Eylandt (literally, "big island") is four times the size of Singapore, hat with a minuscule fraction of its population -just 1,100 aborigines, who retain title to the land, and another 1,200 mine-related staff.

staff.

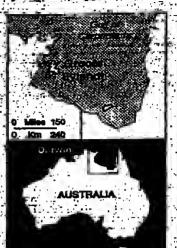
For 25 years the Groote
Eylandt Mining Company
(Gemco) has been methodically
supplying steelmakers at home
and abroad with black manganese dioxide concentrate – the
key ingredient for the ferromanganese alloys which make
steel hard and durable without
making it brittle.

In the process it has burrowed a notable niche in the
corner of a little-known mar-

corner of a little-known mar-ket, furnishing an estimated 16 per cent of the world's trade in manganese dioxide and bring-ing welcome returns to its parent, BHP, Australia's largest world consumption is about

World consumption is about 20m tonnes a year, and 10m of that is produced by the Soviet Union. The other hig producers are South Africa, with 3m-4m tonnes (of which about half is consumed at home). Gabon, which exports all of its 2m-5m tenne output and Austra-2.5m tonne output, and Austra-lia – that is, Gemeo – which in the year to June exported 1.4m tonnes of its 2m tonne production

About 90 per cent of all manganese produced is used in steelmaking, which means the market is about as tough, and as sensitive, as the steel market. Two years ago, the manga-nese price jumped 39 per cent. Last year it leapt another 50 per cent to around US\$100 per tonne. But in real terms, that brought the price back to lev-



els last seen ten years ago.

Another significant factor
behind the performance of
manganese, ironically, la
demand from the Soviet Union.

Although a major manganese
producer, its deposits are relatively low grade. In its drive
for higher steel-making productivity, it is likely to use more
imported manganese and this
is expected to undergin the
international market. els last seen ten years ago.

international market For its part, Gemco is well placed to take advantage of these developments. By the standards of open cast mines, it is a model of efficiency. Scrapers and shovels remove a mere 10-15 metres of everbur-den to expose a well-defined 4-metre thick deposit. Trucks shift the overburden to an already-mined adjacent block, and take the ore to the nearby concentrator.
The Gemco mine also has a

long life shead of it. On the besis that it mined am tonnes of ore to produce 2m tonnes of manganese last year, its 200m tonnes of reserves give it another 50 years. This year Gemco is siming for record production, and its target is to reach the full capacity of its mine concentrator, 2.4m

About half the concentrator's output is "lumps," which are in strong demand for direct input steel furnaces. The other

han is mass, or wason there is a large but now-dwindling stock-pile of 400,000 tonnes. Some of this is consumed in domestic sales by the Tasmanian Electro-Metallurgical Company, BHP's domestic sintering and alloy

domestic sintering and anoy company.

The overall result is thet Genco reckons it has become one of the market's key price setters in the annual negotiations between producers and consumers. It offers no fewer than 22 different product lines, and sells to customers in Japan. South Korea and Taiwan, in the Soviet Union and Chibs, and in Europe,

That said, BHP is sufficiently wary about the cycles—

ciently wary about the cycles of the world steel market not to invest in a second concentrator to produce more manga-nese, or to seek a larger man-ket share through aggressive

pricing.

Another problem it faces in any expansion is the logistical and financial difficulty of changing such a remote operation — more people on Groots Eylandt means more housing and higher labour costs.

and higher labour costs.

In an important move to enhance the prolitability of its manganese business, BHP is now completing a A\$75m facility in Newcastle, north of Sydney, to produce electrolytic manganese dioxids (EMD) for use in dry cell batteries.

Scheduled for commissioning early next year, the plant will take only a fraction of Gemco's output — around 30,000 tonnes each year — from which it will produce 18,000 tonnes of EMD.

But because EMD sells at around ten times the value of manganese ore, BHP expects to

manganese ore, BHP expects to reap considerable returns, especially as the market is also growing at a long term rate of around five per cent per year.

BHP expects to export more than 90 per cent of its production, taking on three Japanese suppliers who manufacture around 70 per cent of all EMD. The major markets are in the description of North developed countries of North America, Europe, into which BHP hopes to sell, and Japan. The big three producers of dry cell batteries are Duracell, Evercady and Matsushita.

Australia 'concerned' at Saudi sheep ban

By Chris Sherwell in Sydney

THE Canberra Government has expressed "deep concern" to Rivadh over an unexpected interruption to its valuable trade in live sheep with Saudi

The dismay was voiced after the Saudi authorities diverted two vessels carrying 192,000 live sheep to other Middle East ports, apparently because of a suspicion that clinical bluetongue disease may be present.

The incidents occurred late

last month, and are important because they could affect a trade worth A\$250m a year in foreign exchange earnings for Australia - almost half coming from Saudi Arabia.

Canberra says an Australian veterinarian based in Riyadh examined the animals from one of the ships which started unloading in Jeddah on July 24. His advice was that there was no evidence of bluetongue or any other major infectious disease in the sheep.

According to Mr John Kerin, Primary industries Minister, no case of clinical bluetongue bas ever been recorded in com-mercial sheep flocks in Australia, and the Saudi action reflects npon Australia's high reputation as a reliable sup-plier of healthy livestock to all international markets."

Earlier this week, a third vessel, carrying 77,000 sheep, was permitted to offload its cargo as normal. But Australia is meanwhile pressing for a definitive scientifically based sessment of the bealth status of the diverted sheep.

• Australia's beef industry is

undergoing further structural change with the announce-

COCOA E/tonne

ment that Bankers Trust Australia has acquired the Australian pastoral and cattle holdings of King Ranch of

Earlier this year BT, one of the country's best-known fund management groups, lost out to Mr Robert Holmes à Court, the Perth-based entrepreneur, in a hidding battle for the larger Sherwin Pastoral, a quoted cattle group controlled by Mr Peter Sherwin.

Other key players in the Anstralian beef industry include Stanbroke Pastoral. owned by the AMP Society, the country's largest investment institution, and Mr Kerry Packer, the wealthy media and investment entrepreneur, who has large beef properties in the Northern Territory. King Ranch called for ten-

earlier this year, and several parties are understood to have made bids, possibly for up to A\$95m. BT's bid was made through its BTA Trust.

• Pork belly futures steaded

on the Chicago Mercantile Exchange yesterday after a fall that had taken the prompt August position to the lowest level for 18 years at 24.82 cents a lb. Yesterday the price rallied quite strongly to put on a little over a cent a lb.

Traders had attributed the earlier fall to incre conciousness in the US, which had hit demand for bacon "Fresh and frozen supplies are too great for the expected demand," said one livestock

year earlier level

and meat analyst. July stocks were 125 per cent up on the will lose their jobs after Han-

WORLD COMMODITIES PRICES

Future of gold industry's 'bible' assured

By Kenneth Gooding, Mining Correspondent

US MARKETS

IN THE METALS, sideways action

continued in the gold, eliver and

Natinum markets as increased tension

Burnham Lambert. Copper prices were higher following a firm London market.

In the softs, cocoa futures traded 9000

nber. Massive trade buying .

contracts as prices gained 70 basis

about the overseas hanging incident has developed, reports Drexel

Fields' annual Gold Survey, the industry's statistical "bible," after Gold Fields is taken over by the Hanson

It is widely expected that all but a handful of the present 85 Gold Fields head office staff Gold Fields said yesterday,

however, that a new company, Gold Fields Minerals Services, was being set up to collect the data and publish the survey. Financial backing would come not only from Gold Fields but also its associates, Newmont

The new company will be based in London and staffed by some of the existing Gold Fields' commodities department, including four analysts ied by Mr Stewart Murray who will manage it. He is currently

Close Previous High/Low . .

Aug at 113.30 - 111.85 at 113.30 At 113.10 At 1

STEPS are being taken to son moves in and this pirt a Minfrig of the US. Remison charge of commodities ensure the continued publication of Consolidated Gold book which has been published trails and Gold Fields of South ten years he was with the Council, latterly as sec-

retary general,
Mr Murray said that,
although the new company would not have the resources provided in the past by Gold Fields, it was committed to the the Gold Fields executive in Gold Survey's high standards.

18.12 18.36 18.60 18.60 19.31 10.60 19.65

Chicago

LONDON MARKETS

LONDON METAL Exchange copper prices built on Tuesday's advance yesterday as further strength in New York's Comex merket, based on stop-loss buying, spilt over into London, in dollar terms the three month's gained \$51 to reach a 6-willing, while the starling equivalent ed £25 up at £1,574.50 a tonne Cash copper ended £24.50 up at £1,588 a tonne. Dealers said the market appeared to preparing for a tresh \$2.010 a toppa, a previous failure at which prompted a substantial sell-off. Aluminium continued this week's climb, though at a much slowar pace. After the two-day rise of \$67.50 inspired by Monday's LME stocks tall announcement, the cash price put on another \$2 et \$1,818 a tonna. Three months nickel finished in fine with Tuesday's kerb close.

SPOT MARKETS		
Crude of [per barrel FOB)		+ or -
Dubai Brent Blend W.T.I. (1 pm est)	\$14.35-4.50z \$16.85-6.95 517.95-8.002	-0.30
Ott products (NWE prompt delivery per to	onne CIF)	+ 07 -
Premium Gasoline Gas Oil	\$191-193 \$147-148	-1
Heavy Fuel Oil Naphtha Petroleum Argus Eatimates	\$79-81 \$151-1 63	2
Other		+ ar -
Gold (per troy oz) 4 Silver (per troy oz) 4 Platinum (per troy oz) Palladium (per troy oz)	5366.75 525c \$499.75 \$138.16	+1.00 +2 +9.75 +0.18
Aluminium (free merket) Copper (US Producer) Leed (US Producer) Nickel (free market)	\$1615 118 ⁵ 1-116 39.5c	+ 10 -1
Tin (Kuals Lumpur market) Tin (New York) Zinc (US Prime Western)		+ 9.18 -0.5
Cattle (live weight)1 Shoep (dead weight)1 Pigs Ilivo weight)1	114.92p 151.58p 84 56p	+ 1.17° -2.41° + 1.35°
London daily sugar (raw) London daily sugar (white) Tate and Lyla export price		-5.0 -3 -4
Berloy (English feed) Malze (US No. 3 yellow) Wheat (US Derk Northern)	£104,00 £131 £122t	-0.75 -1
Rubber (spot)♥ Rubber (Sep)♥ Rubber (Oct)♥ Rubber (KL RSS No 1 Aug	55.0p 60.5p 61.0p	+1
Coconut off (Philippines)§ Palm Oil (Maleysian)§	5477t \$302.5	+ 12
Copra (Philippines)§ Soyabeans (US) Cotton "A" Index Wooltopa (64s Super)	\$330 £173z 82.95c 585p	-5 -0.45

E a tonne unless otherwise stated, p-pence nb. r-ringgit/kg. y-Oct/Dec. z-Sep. x-Jul Aug. I-Aug/Sep. v-Aug/Oct. w-Sep/Oct.1Most average fatstock prices. * change from a week ago. TLondon physical market. €CIF Rotterdam. ♣ Bullion market close. m-Me-laystan conts/kg.

Sop	888	839	895 533
Dec Mar	943 907	691 670	955 891 918 680
May	913	878	920 905
لول	930	893	920 920
Sep	944 970	906	951 935 970
ICCO I	ndicator o	rices (SDF	of 19 tonnes is per tonne). Daily
price f	or Aug 1	1037.46 (10	is per tonne). Daily 54.64) :19 day aver- 1.65)
		69.33 (1075	i.65)
COFFE	E/tonne		
	Close	Previous	High/Low
Sep	762	756	769 748
Nov	767 780	761 780	777 758 789 775
Mar	801 823	800	816 795
May	843	824	816 795 836 821 852 846
Jul Sep	865	845	852 846 675
		1426) lots o	
ICO in	dicator pr	loss (US c	ents per pound) for (.44). 15 day average
Aug 1:	Comp. del	ty 70.90 (6s	.44). 15 day average
74.13 (
	R (S per to		
Rew	Close	Previous	H/gh/Low
Oct	321.00 303.00	\$14.00 304.00	321.60 312.00 303.00
Mar	299.80	294.80	300.00 295.00
May	294.00	291.00	294,40 290.00
Aug	267.50 262.00	265.50	267.60 286.00 282.00
White	Close	Previous	High/Low
	420.00	417.50	
Oct Dec	384.00	378.00	420.00 415.00
Mar	370.00	363.50	364.50 368.00
May	370.50	380.50	362.00 369.50
White	er: Raw 598 (576).	2422 (4506	flots of 80 tonness.
Paris-	White (FFr	per tonne)	Oct 2651, Dec 2400,
Mar 23	110, May 2	305, Aug 2	290, Oct 2240.
CRUD	E OS. 5/ba	rrel	
	Clos	e Previo	us High/Low
Sep	16,47		16.51 16.51
Oct Nov	16.54 16.80	16.55 18.75	16.60 16.42 16.63 16.55
IPE Inc			10.03 10.40
Turnov	er: 11359	(8898)	· · ·
	AL S/torne		
	Close	Previous	High/Low
Aug	146.76	147.00	146.75 145.60
Sep	145.25	146.00	145.50 144.25
Oct Nov	148.50 146.75	147.00 147.60	145.75 148.00
Dec	147.25	146.50	147,00 146,00 148,00 148,00
Jen Feb	145.50 144.00		146.00 144.50 145.00 144.00
		01411	
LUMBA	m 1119 (1	214)1012 Of	100 tonnes
woo	_		
Reser	rve price p	urchases o	wool in
Austr	gijg nove a	mount to a	round 50% of noted that the
highe	the prope	ortion boug	ht in, the less
order	s. Also, an	OWers are	ce purchase
sendi	ng in all th	e wool the	y can for early
Gale.	Laking adv	antage of A	WC cesh and

ij

	Close		Previous	High/Low	AM Offic	al Kerb c	iose	Open	known
Alumbird	m, 99.79	6 purity (\$ per tonne)			Fling	turno	ver-12,	
Cash	1816-		1815-7	1815/1814	1814-5				
3 month			1805-6	1520/1810	1814-5	1810-5		32.23	
Copper,	Grade A	(£ per to	nne)			Ring	mino	ver 25,	125 lo
Cash 3 month	1687 ·		1563-4 1548-6	1573/1572	1573-4	4574.5		74 461	. 1-4-
	per tonne		1340-9	1576/1559	1564-5	1571-2		74,10	
Cesh	418.5	<u> </u>	415-6	419/418	417-8	estra	BUITTIO	ver 10,6	W 5 E
3 month			406-9	414/419	412-3	412-13		9,524	lots
Mickel (3	per tonn	16)				Rin	g turns	over 1,0	44 to
Cash	13150		13000-100	13150/1310					
3 month	_	-50	12150-200	12250/121	50 12200-25	121004		5,579	
	or toravel					Rin	g turns	over 3,6	CC CCC
Cash 5 month	9580-4 a 9560-4		9660-700 9660-6	9650/9640	9630-40 9630-6	9550-80		3,494	1-4-
			(\$ per tonne)	*********					_
Cash	1670-		1680-5	1887/1680	1620-2	eventy	#LITTIO	ver 14,1	25 0
3 month			1600-6	1610/1600	1606-10	1595-60	26	10,799	lots
Zinc (\$ p	er tonne					Rin	o turno	over 4,2	75 to
Cash	1625-	35	1530-40	1625	1620-30		_		
3 month			1555-65	1560/1650	1545-50	1545-50		7,541	lots
LME CK SPOT: 1.	eing \$/\$		3 months: 1.8	425	6 months:	14170		g mont	_ 16
			- (- CHICATE	1.01.0		- III	140. 1.40
2074 T	CES E/to	nne.			-	11 T LOSE W.			
	Close	Previou	s High/Low		LONDON 4				
Nov	139.0	132.0	135.0 132		Gold (fins oz			ednia	
Feb	157.0	140.0	140.0		Opening	369 2-370	3	m-m	Z
Apr	215.2	204.5	215.5 296		Morning fix	369.90	- 2	222,495	2
Introve	r 499 (50	(i) local o	40 tonnes.		Afternoon fla			22.072	
						370 L-370 L			
					Day's high Day's low	369-369 2	,		
SOYAB	EAN ME	AL Extens	749		Day's high		•		
	Close	AL Extens			Day's high	369-369 12		- noutr	Vent
Oct	Close 133.00	Previou	133.50 13	3.00	Day's low Coine	369-369 1 ₂ \$ price		equiv	
Oct Dec	Close 133.00 130.00	Previou 134,50 133,00	133.50 13 130.50 19	3.00	Coins Maplelear Britannis	\$ price \$ 80-385 380-385 380-385	- 1	281 ₂ -23	11.5 11.5
Oct Dec	Close 133.00 130.00	Previou 134,50 133,00	133.50 13	3.00	Coins Coins Maplelest Britannis US Eagle Angel	369-389 ½ \$ price 380-385 380-385 380-385		281 ₂ .23 281 ₂ .23 281 ₂ .23	11 12 11 12 11 12
Oct Dec Turnove	133.00 130.00 r 408 (11	Previou 134,50 133,00 74)lots of	133.50 13 130.50 13 130.50 13 f 20 tonnes.	3.00	Coins Mapleise! Britannis US Eagle Angel Krugerrand	369-389 ½ \$ price 380-385 380-385 380-385 377-382 369-372	1	2812-23 2812-23 2812-23 2812-23 2812-23	11 12 11 12 11 12
Oct Dec Turnove	133.00 130.00 r 408 (11	Previou 134,50 133,00 74)lots of	133.50 13 130.50 13 130.50 13 f 20 tonnes.	3.00	Coins Coins Maplelest Britannis US Eagle Angel	\$ price \$ price 380-385 380-385 380-385 377-382 369-372 8612-6712		2812-23 2812-23 2812-23 2812-23 2814-23 2814-23	11 12 11 12 11 12
Oct Dec Turnove	133.00 130.00 130.00 r 408 (11 Close	Previous 134,50 133,60 133,60 74)lots of Previous Previous	133.60 13 130.60 13 130.60 13 f 20 tonnes. Index point	3.00	Coins Coins Maplelear Britannia US Eagle Angel Krugerrand New Sov.	369-389 ½ \$ price 380-385 380-385 380-385 377-382 369-372		2812-23 2812-23 2812-23 2812-23 2812-23	11 12 11 12 11 12 11 12 11 12
Oct. Dec Yurnove	Close 133.00 130.00 r 408 (11 Close 1423	Previou 134,50 133,60 74)lots of Previou 1438 1490	133.50 13 130.50 13 130.50 13 120 tonnes. Index point 1430 1422 1430 1423	3.00	Coins Coins Mapleleat Britannia US Eagle Angel Krugerrand New Sov.	369-369 ½ \$ price 380-385 380-385 380-385 377-382 369-372 66 ½-67 ½ 85 ½-87 ½		2812-23 2812-23 2812-23 2812-23 2813-23 2813-23 28-5214	11 12 11 12 11 12 11 12 11 12
Oct Dec Turnove	133.00 130.00 130.00 r 408 (11 Close	Previou 134,50 133,60 74)lots of Previou 1438 1490	133.50 13 130.50 13 130.50 13 1 20 tonnes. Index point 1430 1425 1431 1432 1541 1559	3.00	Coins Coins Mapleleat Britannia US Eagle Angel Krugerrand New Sov.	369-369 ½ \$ price 380-385 380-385 380-385 377-382 369-372 66 ½-67 ½ 85 ½-87 ½	75	2812-23 2812-23 2812-23 2812-23 2813-23 2813-23 28-5214	31 12 31 12 31 12 31 12 32 13 08.30
Oct Dec Turnove PREIQH Aug Sap Oct	Close 133.00 130.90 r 408 (11 Close 1423 7458 1629	Previous 0 134,50 133,00 74)lots 0 74)lots 0 74)lots 1 7	133.50 13 130.50 13 130.50 13 120 tonnes. Index point 1430 1422 1430 1423	3.00	Day's low Coins Mapletes! Britannia US Eagle Krugerrand Krugerrand Krw Sov. Noble Plat Stort Spot	369-369 ½ \$ price 380-385 380-385 390-385 377-382 369-372 8612-6712 8612-6712 8612-6712 8612-6712 8612-6712 8612-6712	75 3	228 12 - 22 228 12 - 22 228 12 - 22 228 12 - 22 22 13 - 22 22 - 52 14 22 - 52 14 22 - 52 14 23 - 52 14 24 - 20	31 12 31 12 31 12 31 12 32 13 08.30
Oct. Dec Turnove PREIQH Aug Oct Jen BFi	Close 133.00 130.00 r 408 (11 Close 1423 7458 1629 1547	Previou 134,50 133,60 74)lots of Previou 1438 1490 1543 1560 1392	133.50 13 130.50 13 130.50 13 1 20 tonnes. Index point 1430 1425 1431 1432 1541 1559	3.00	Day's low Day's low Colns Mapleteat Britannia US Eagle Krugerrand New Sov. Noble Plat Saver Ex Spot 3 months	369-369 ½ \$ price 380-385 380-385 380-385 380-385 377-382 389-372 86 ½-67 ½ 505,75-513. priina oz 515.20 328.15	75 3	22812-22 22812-22 22812-22 22812-22 22112-22 22-6214 22-6214 22-6214 22-6214 22-6214 22-6214 22-6214 23-6214 24-20	31 12 31 12 31 12 31 12 32 13 08.30
Oct. Dec Turnove PREIQH Aug Oct Jen BFi	Close 133.00 130.00 r 408 (11 Close 1423 7458 1529 1547 1390	Previou 134,50 133,60 74)lots of Previou 1438 1490 1543 1560 1392	133.50 13 130.50 13 130.50 13 1 20 tonnes. Index point 1430 1425 1431 1432 1541 1559	3.00	Day's low Coins Mapletes! Britannia US Eagle Krugerrand Krugerrand Krw Sov. Noble Plat Stort Spot	369-369 ½ \$ price 380-385 380-385 390-385 377-382 369-372 8612-6712 8612-6712 8612-6712 8612-6712 8612-6712 8612-6712	1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	228 12 - 22 228 12 - 22 228 12 - 22 228 12 - 22 22 13 - 22 22 - 52 14 22 - 52 14 22 - 52 14 23 - 52 14 24 - 20	31 12 31 12 31 12 31 12 32 13 08.30
Oct Dec Turnove PRESCH	Close 133.00 130.00 r 408 (11 Close 1423 7458 1529 1547 1390	Previou 134,50 133,60 74)lots of Previou 1438 1490 1543 1560 1392	133.50 13 130.50 13 130.50 13 1 20 tonnes. Index point 1430 1425 1431 1432 1541 1559	3.00	Day's low Coins Mapletea! Britannis US Eagle Angel Kruperrand Kruperrand Kruperrand Kruperrand Kruperrand Sav. Noble Plet Strer Ex Spot 3 months 5 months	369-369 ½ \$ price 380-385 380-385 377-382 389-372 8612-8712 505,75-513 Přina oz 515-20 326,15 337.00	1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	22812-22 22812-22 22812-22 22812-22 22114-22 22-5214 22-5214 32-5214 35-30 46.16	31 12 31 12 31 12 31 12 32 13 08.30
Oct. Dec Turnove FRIBIGH Aug Sap Oct. Jen BF1 Turnove	Close 133.00 130.00 r 408 (11 FUTUR Close 1425 1527 1527 1527 75 (112 Extended Close 1530.00 c 75 (112 Close	Previou 134,50 133,60 74)lots of Previou 1438 1490 1543 1560 1392	133.50 13 130.50 13 130.50 13 130.50 13 130.50 13 120 tonnes. Index point 1430 1420 1420 1420 1420 1420 1520 1520 1520 1520 1520 1520 1520 15	3.00	Day's low Coins Mapletea! Britannis US Eagle Angel Kruperrand Kruperrand Kruperrand Kruperrand Kruperrand Sav. Noble Plet Strer Ex Spot 3 months 5 months	369-369 ½ \$ price 380-385 380-385 380-385 380-385 377-382 369-372 66½-67½ 56½-67½ 505,75-513. priina oz 515.20 326.15 337.00 357.30	1 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	22812-22 22812-22 22812-22 22812-22 22112-22 22132-22 22132-22 2312-22 231	31 12 31 12 31 12 31 12 31 12 32 14 09.30
Oct. Dec Turnove Aug Oct. Jen	133.00 130.00 7 408 (11 17 FUTUR 1423 1458 1629 1547 1390 7 75 (112	Previou 134,50 139,00 139,00 174)lots of Previou 1438 1490 1392 Previou 106,50	133.50 13 130.50 13 130.50 13 130.50 13 120 tonnes. Findex point 1430 1422 1430 1430 1422 1430 1432 1435 1435 1435 1535 1535 1535 1535 1535	3.00	Day's low Day's low Colors Mapletes! Britannia US Eagle Kruperrand Naw Sov. Old Sov. Noble Plat Sever Ex Spot 3 months 5 months 12 months	369-369 ½ \$ price \$80-386 380-385 390-385 390-385 390-385 397-382 389-372 8612-6712 8612-6712 505,75-513 p/fina cz 515.20 337.30 TAL EXCHAN	1 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	2812-22 2812-22 2812-22 2812-22 2812-22 28-6214 28-621	31 12 31 12 31 12 31 12 31 12 32 14 09.30
Oct. Dec Turnove Aug Sap Oct Jen BFF Turnove Wheel Sep Nov	Close 133.00 130.00 130.00 1408 (11 1423 1448 1529 1547 1390 7 75 (112 1423 1458 1547 1390 1547 1390 1547 1390 1547 1390 1547 1390 1547 1390 1547 1390 1547 1390 1547 1390 1547 1390 1547 1390 1547 1547 1547 1547 1547 1547 1547 1547	Previou 134,50 133,00 74)lots of Previou 1435 1490 1343 1560 1392 Previou 106,30 110,00 113,55	133.50 13 130.50 13 130.50 13 130.50 13 130.50 13 120 tonnes. Index point 1430 1420 1430 1420 1420 1420 1420 1420 1520 1520 1520 1520 1520 1520 1520 15	3.00 0.00	Day's low Day's low Colors Mapletea! Britannia US Eagle Kruperrand Naw Sov. Old Sov. Noble Plat Sever Ex Spot 3 months 5 months 12 months LONDON ME	369-369 ½ \$ price 380-385 380-385 380-385 380-385 377-382 369-372 86 ½-67 ½ 86 ½-67 ½ 505.76-513. priina oz priina oz 515.20 337.00 357.30 TAL EXCHAN	75 3 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	2812-22 2812-22 2812-22 2812-22 2812-22 28-6214 28-621	09.30
Oct. Dec Turnove PRESCRI	Close 133.00 130.00 130.00 1408 (11 1428 1529 1547 1590 175 (112 1608 1608 1609 1509 1509 1509 1509 1509 1509 1509 15	Previou 134,50 139,00 74)lobs of Previou 1408 1400 1363 Previou 106,50 110,00	133.50 13 130.50 13 130.50 13 130.50 13 120 tonnes. Findex point 1430 1422 1430 1430 1422 1430 1432 1435 1435 1435 1535 1535 1535 1535 1535	9.00 0.00	Day's low Day's low Colns Mispleies! Britannis US Eagle Angel Kruperrand New Sov. Old Sov. Noble Plat Stree Ex Spot 3 months 12 months 12 months 12 months 12 months 13 months 15 months 16 months 1700 Mer 1700 M	369-369 ½ \$ price 380-385 380-385 380-385 380-385 377-382 369-372 86 ½-67 ½ 86 ½-67 ½ 505.76-513. priina oz priina oz 515.20 337.00 357.30 TAL EXCHAN	1 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	2812-22 2812-22 2812-22 2812-22 28-5214-22 28-5214 28-	31 1/2 31 1/2 31 1/2 31 1/2 32 1/3 09.30
Oct. Dec Turnove Aug Sap Oct Jen BFF Turnove Wheel Sep Nov	Close 133.00 130.00 17 408 (11 12 12 12 12 12 12 12 12 12 12 12 12 1	Previou 134,50 133,00 74)lots of 133,00 Previou 1438 1498 1560 1392 Previou 106,30 110,00 111,55 115,90 115	133.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 1420 1420 1420 1420 1420 1420 1520 1520 1520 1520 1520 1520 1520 15	9.00 0.00	Day's low Day's low Colors Mapletea! Britannia US Eagle Arriget Kruperrand New Sov. Old Sov. Noble Plat Sever Ex Spot 3 months 5 months 12 months LONDON MET Adaminium (8 Strike price 9 1700	369-369 ½ \$ price 380-385 380-385 380-385 380-385 380-385 3877-382 389-372 8612-6712 505,75-513 Priina oz	140 TR Nov 140 S S S S S S S S S S S S S S S S S S S	2812-22 2812-22 2812-22 2812-22 2812-22 2812-22 2812-23 28-6214 28-6214 28-6214 35-30 46.16 67.50	11 1/2 11 1/2 11 1/2 11 1/2 23 1/4 10 10 10 10 10 10 10 10 10 10 10 10 10 1
Oct. Dec Turnove FREIGH Aug Sop Oct Jan Biri Turnova GRASHS Wheel Sep Jan Mar May	Close 133.00 130.00 130.00 130.00 17 408 (11 17 FUTUR Close 1423 1529 1549 1549 1540 159.51 1390 159.53 113.40 116.75	Previou 134,50 133,00 74)lots of 133,00 74)lots of 1428 1498 1498 1560 1392 Previou 106,30 116,30 116,30 118,80 118,80	133.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 1420 1420 1420 1420 1420 1420 1520 1525 1545 1520 1520 1520 1520 1520 1520 1520 152	9.00 0.00	Day's low Day's low Colors Maplelea! Britannia VS Eagle Angel Krugerrand New Sov. Old Sov. Noble Plat Sever fix Spot 2 months 12 months 12 months 12 months 15 months 17 months 18 months 19 months 10 months	369-369 ½ \$ price 380-385 380-385 380-385 380-385 380-385 3877-382 389-372 8612-6712 505,75-513 Priina oz P	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	2812 22 2812 22 2812 22 2812 22 2812 22 2114 22 2114 22 214 214 22 214 214 21 214 214 21 214 214 21 214 214 21 214	1112 1112 1112 1112 1112 1112 1112 111
Oct. Dec Turnove FFREIGH Aug Sap Oct. Jen Turnova Turnova Whoet Sep Mar Mar Mary Barley	Close 133,00 130,00 r 408 (11 Close 1423 1458 1527 1390 r 75 (112 Close 108,30 109,83 113,40 116,75 Close Cl	Previou 134,50 133,00 133,00 174)lots of 1495 1496 1382 1496 1382 Previou 106,36 110,00 1118,90 Previou Previo	### High/Low 133.50 13 120.50 13 120.50 13 120.50 13 120 tonness. ###################################	8.20 8.20 8.25 8.25 8.25 8.25 8.25 8.25 8.25 8.25	Day's low Day's low Colors Maplelea! Britannia US Eagle Angel Kruperrand New Sov. Old Sov. Noble Plat Sever Ex Spot 3 months 5 months 12 months 12 months 12 months 12 months 13 months 15 months 1700 1800 Copper (Gran	369-369 ½ \$ price 380-385 380-385 380-385 380-385 380-385 3877-382 389-372 8612-6712 505.75-513.1 priins oz priins oz 515.20 326.15 337.00 357.30 TAL EXCHANGE 138 64 23	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	2812 22 2812 22 2812 22 2812 22 2812 22 2114 22 2114 22 214 22 214 22 214 23 214 23 21	25 123 123 13 14 15 15 15 15 15 15 15 15 15 15 15 15 15
Oct. Dec Turnove FRENCH Aug Sop Oct. Jan Turnova BETI Turnova Wheel Sep Nov Jan Mar May Berley Sep Nov	Close 133.00 130.00 r 408 (11 1423 1423 1529 1537 1529 1537 175 (112 1629 1629 1629 1629 1629 1629 1629 1	Previou 134,50 133,00 74)lots of 133,00 74)lots of 1438 1490 1348 1560 1382 Previou 110,30 113,95 115,90 Previou 100,30 110,00 1	### High/Low 133.50 13 130.50 13 130.50 13 120 tonnes. Index point #### High/Low 1430 1422 7488 1402 1548 1522 1546 ###################################	0.00 0.00 0.00	Day's low Day's low Colors Maplelea! Britannia VS Eagle Angel Krugerrand New Sov. Old Sov. Noble Plat Sever fix Spot 3 months 5 months 12 months LONDOM ME. Attantation (6 Strike price 1 1700 1900 Copper (Graz 2500	369-369 ½ \$ price 380-385 380-385 380-385 380-385 380-385 380-387 3812-87 ½ 8612-87 ½ 505,75-513. priina oz	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	2812-2	31 12 31 12 31 12 31 12 31 12 32 34 09.30 09.30 09.71 00.30 09.71 00.30 09.30 09.30
Oct. Dec Turnove FREEGH Aug Sop Oct. Jan BiFi Turnove Wheet Sep Nov Jan May	Close 133.00 130.00 7 408 (11 12 130.00 17 408 (11 12 130 130 130 130 130 130 130 130 130 130	Previou 134,50 133,00 74)lots of 133,00 74)lots of 1438 1490 1348 1560 1392 Previou 110,30 119,90 11	133.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 1420.50 1420 1420 1420 1420 1420 1420 1520 1520 1520 1520 1520 1520 1520 15	6.20 9.75 9.75 9.75 9.75 9.85 9.50	Day's low Day's low Colns Mapletea! Mapletea! Britannis US Eagle US Eagle Kruperrand New Sov. Old Sov. Noble Plet Store Smonths 12 months 12 months 12 months 13 months 14 months 15 months 16 price s 1700 1900 1900 Copper (Grant 2500	369-369 ½ \$ price 380-385 380-385 390-385 390-385 390-385 390-385 397-382 389-372 8612-6712 8612-6712 505.76-613 priina oz 515.20 330.15 337.00 357.30 7AL EXCHAM 23 138 64 23 198 A) C	\$ 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	2812-22 2812-22 2812-22 2812-22 2812-22 2812-22 2114-22 2114-22 2114-22 214-24 214-24	31 12 31 12 31 12 31 12 32 13 30 09.30 09.30 09.70 09.70 09.70 09.70 123 123 123 123 123 123 123 124 125 125 125 125 125 125 125 125 125 125
Oct. Dec Turnove Transcel France Fran	Close 133.00 130.00 130.00 17 408 (11 Close 1425 1425 1425 1527 1390 7 75 (112 Eltonne 106.30 109.83 113.40 116.75 Close 108.30 118.75 Close 108.30 118.75 Close 108.30 118.75	Previou 134,50 133,00 174)lots of 135,00 174)lots of 1490 135,00 135,00 135,00 110,00 110,50 110,50 110,50 110,50 110,50 110,50 110,50 110,50 112,50	### High/Low 133.50 13 130.50 13 130.50 13 130.50 13 140.50 13 140.50 13 140.50 140.50 1545 1465 1545 1545 1545 1545 1545 1545	3.00 0.00 .00 .00 .00 .00 .00 .00 .00 .0	Day's low Day's low Colms Maplelea! Britannis US Eagle Angel Kruperrand New Sov. Old Sov. Noble Plet Stree Ex Spot 3 months 12 months 12 months 12 months 12 months 13 months 14 months 15 months 16 months 1700 1800 1900 1900 Copper (Graz 2500 2700	369-369 ½ \$ price 380-385 380-385 380-385 380-385 380-385 377-382 368-372 86 ½-87 ½ 86 ½-87 ½ 505,75-513. priina oz 515.20 337.00 357.30 TAL EXCHANGE 136 94 105 105 105 105 105	143 55 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	22812-222812-222812-222812-222812-2212-23281	31 12 31 12 31 12 31 12 31 12 32 34 09.30 09.30 09.71 00.30 09.71 00.30 09.30 09.30
Oct. Dec Turnove Turnove Aug Oct. Jan Biri Turnova Turnova Wheet Sep Nov Jan May Berley Berley Berley Hay Turnove	Close 133.00 130.00 17 406 (11 12 12 12 12 12 12 12 12 12 12 12 12 1	Previou 134,50 133,00 74)lota of 134,50 133,00 74)lota of 1438 1438 1438 1580 1382 1580 110,0	### High/Low 133.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 140.50 140.50 140.50 140.50 140.50 15	3.00 0.00 .00 .00 .00 .00 .00 .00 .00 .0	Day's low Day's low Colvs Mispleies! Britannis US Eagle Angel Kruperrand New Sov. Old Sov. Noble Plet Store Bx Sport 3 months 12 months 12 months 12 months 12 months 13 months 14 months 15 months 16 months 1700 1800 1800 1800 1800 1800 1800 1800	369-369 ½ \$ price 380-385 380-385 380-385 380-385 380-385 377-382 368-372 86 ½-87 ½ 86 ½-87 ½ 505,75-513. priina oz 515.20 337.00 357.30 TAL EXCHANGE 136 94 105 105 105 105 105	143 55 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	22812-222812-222812-222812-222812-2212-23281	11 12 11 12
Oct. Dec Turnove Turnove Aug Oct. Jan Biri Turnova Turnova Wheet Sep Nov Jan May Berley Berley Berley Hay Turnove	Close 133.00 130.00 130.00 17 408 (11 Close 1425 1425 1425 1527 1390 7 75 (112 Eltonne 106.30 109.83 113.40 116.75 Close 108.30 118.75 Close 108.30 118.75 Close 108.30 118.75	Previou 134,50 133,00 74)lota of 134,50 133,00 74)lota of 1438 1438 1438 1580 1382 1580 110,0	### High/Low 133.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 140.50 140.50 140.50 140.50 140.50 15	3.00 0.00 .00 .00 .00 .00 .00 .00 .00 .0	Day's low Day's low Colms Mispleies! Britannis US Eagle Angel Kruperrand New Sov. Old Sov. Noble Plet Strer Ex Spot 3 months 12 months 12 months 12 months 12 months 13 months 15 months 16 months 1700 1800 1900 2500 2700 2700 2700 Copper (Grac	369-369 ½ \$ price 380-385 380-385 380-385 380-385 380-385 377-382 368-372 86 ½-87 ½ 86 ½-87 ½ 505,75-513. priina oz 515.20 337.00 357.30 TAL EXCHANGE 136 94 105 105 105 105 105	143 55 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	22812-222812-222812-222812-222812-2212-23281	11 12 11 12
Oct. Dec Turnove FRIEIGH Aug Sop Oct. Jen Sep Sep Nov Jen May Berley Berley Berley Hard May Lumover	Close 133.00 130.00 1408 (11 17 FUTUR Close 1423 1423 1527 1527 1527 1527 1527 1527 1527 1527	Previou 134,50 133,00 74)lota of 134,50 133,00 74)lota of 1438 1438 1438 1560 1392 106,30 107,00 116,90 107,00 116,90 112,90 112,90 112,90 112,90 112,90 112,90 112,90 112,90 112,90 112,90 112,90 112,90 112,	133.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 140.50 140.50 140.50 140.50 15.50	3.00 0.00 .00 .00 .00 .00 .00 .00 .00 .0	Day's low Day's low Colors Maplelea! Britannia VS Eagle Angel Krugerrand New Sov. Old Sov. Noble Plat Sever Ex Spot 3 months 5 months 12 months 12 months 12 months 12 months 13 months 15700 1500 1500 1500 1500 1500 1500 150	369-369 ½ \$ price \$ price \$ 360-385 360-385 360-385 360-385 369-372 8612-6712 5612-6712 505,75-513 priina oz priina oz	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	22812 2222 1222 1222 1222 1222 1222 122	51 12 51 12 51 12 51 12 51 12 52 11 52 52 54 52 54 5
Oct. Dec Turnove FRIEIGH Aug Sop Oct. Jen Sep Sep Nov Jen May Berley Berley Berley Hard May Lumover	Close 133.00 130.00 r 408 (11 r FUTUR Close 1423 7458 1527 1539 r 75 (112 5 Extense 108.30 118.75 118.75 Close 109.83 118.75 118.75 Close 109.83 118.75	Previou 134,50 133,00 74)lota of 134,50 133,00 74)lota of 1438 1490 1543 1560 1392 106,30 110,00 110,55 115,90 110,30 110	133.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 130.50 142.74 1430 1422 1545 1545 1545 1545 1545 1545 1545	3.00 0.00 .00 .00 .00 .00 .00 .00 .00 .0	Day's low Day's low Colms Mispleies! Britannis US Eagle Angel Kruperrand New Sov. Old Sov. Noble Plet Strer Ex Spot 3 months 12 months 12 months 12 months 12 months 13 months 15 months 16 months 1700 1800 1900 2500 2700 2700 2700 Copper (Grac	369-369 ½ \$ price 380-385 380-385 390-385 390-385 390-385 3977-382 369-372 6612-6712 5612-6712 5612-6712 5612-6712 5612-6712 5612-6712 5612-6712 5612-6712 5612-6712 5612-6712 570-78-613 PALENCHAS 138 64 23 59 A) 186 102 577 C TRADED O	140 55 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	228 12 22 22 22 12 1	09.30 09.30 09.30 09.30 09.30 09.30 09.30 09.30 09.30 09.30 09.30 09.30 09.30 09.30
Oct. Dec Turnove FREIGH Aug Sop Oct. Jen BFi Turnove ORABES Wheel Sep Nov Jen Mar	Close 133.00 130.00 130.00 17 408 (11 17 FUTUAL Close 1425 1425 1527 1390 175 (112 1547 1390 175 (112 1547 1390 175 (112 1547 1390 175 (112 1547 1390 175 (112 1547 1390 175 (112 1547 1390 175 (112 1547 1390 175 (112 175	Previou 134,50 133,00 174)lots of 139,00 174)lots of 1490 1543 1560 1582 1560 110,00 110,00 110,00 110,00 110,00 110,00 110,00 112,50 1	### High/Low 133.50 13 130.50 13 ### 20 tonness #### 1430 1422 ### 1430 1422 ### 1430 1422 ### 1430 1422 ### 1540 1522 #### 1540 1522 #### 1540 1522 #### 1540 1522 #### 1540 1522 #### 1540 1522 #### 1540 1522 #### 1540 1522 #### 1540 1522 #### 1540 1522 #### 1540 1522 #### 1540 1522 #### 1540 1522 #### 1540 1522 #### 1540 1522 #### 1540 1522 ##### 1540 1522 #### 1540 1522 ##### 1540 1522 ##### 1540 1522 ##### 1540 1522 ###################################	3.00 0.00 .00 .00 .00 .00 .00 .00 .00 .0	Day's low Day's low Colvs Maplelea! Britannis US Eagle Angel Kruperrand New Sov. Old Sov. Noble Plet Stree Ex Spot 3 months 12 months 12 months 12 months 12 months 13 months 14 months 15 months 16 months 1700 1800 Copper (Graz 2500 2700 Collee 750 800	369-369 ½ \$ price 380-385 380-385 390-385 390-385 390-385 390-385 397-382 388-372 8612-6712 8612-6712 505.76-513 priina oz 515.20 330.15 337.00 7AL EXCHAN 23 136 64 23 102 57 (TRADED O 800 83 34 15	143 1148 163 1148 163 1148 163 163 163 163 163 163 163 163 163 163	2281y 22 2281y 22 2281y 22 2281y 22 2281y 22 2281y 22 22 22 22 22 22 22 22 22 22 22 22 22	09.30 09.30 09.30 09.30 09.30 09.30 09.30 09.30 09.30 09.30 09.30 09.30 09.30 09.30 09.30 09.30
Oct. Dec Turnove FRIEIGH Aug Sop Oct. Jen Sep Sep Nov Jen May Berley Berley Berley Hard May Lumover	Close 133.00 130.00 r 408 (11 r 408 (11) r 408 (11) Close 1423 1458 1529 1557 1557 1557 1557 1557 1557 1557 155	Previou 134,50 133,00 74)lota of 134,50 133,00 74)lota of 1438 1490 1543 1560 1392 106,30 110,00 110,55 115,90 110,30 110	133.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 13 130.50 130.50 142.74 1430 1422 1545 1545 1545 1545 1545 1545 1545	3.00 0.00 .00 .00 .00 .00 .00 .00 .00 .0	Day's low Day's low Colvs Mispleies! Britannis US Eagle Angel Kruperrand New Sov. Old Sov. Noble Plet Strer Ex Sport 3 months 12 months 12 months 12 months 12 months 12 months 12 months 13 months 12 months 12 months 12 months 12 months 13 months 14 months 15 months 16 months 1700 1800 1800 1800 1800 1800 1800 1800	369-369 ½ \$ price 380-386 380-385 380-385 380-385 380-385 380-385 380-385 380-385 388-372 86 ½-67 ½-67 ½ 86 ½-67 ½-67 ½-67 ½ 86 ½-67 ½-67 ½-67 ½-67 ½-67 ½-67 ½-67 ½-6	140 55 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	228 12 22 22 22 12 1	51 12 51 12 51 12 51 12 51 12 51 12 53 14 69 69 69 69 69 69 69 69 69 69 69 69 69

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60	1815-7	1815/1814	1814-5				
	1805-6	1520/1810	1814-5	1810-5		32.23	lots
(2 per tor				Ring	DITTO	wer 25,	325 tonne
	1563-4 1548-9	1573/1572 1576/1559	1573-4 1564-5	1571-2		74,10	i lots
-					Burno		75 Ionn
	415-6	418/418	417-8				
	406-9	414/410	412-3	412-13		8,524	
16)	12000 100	10157/101	N 19492 TO	Aling	turn .	over 1,0	44 tonne
	13000-100 12150-200	12250/121		12100-2	00	5,579	lots
		•					30 tonne
	9690-700	9650/9640	9630-40				
	9660-6	9860/9580	9630-6	9550-80		3,494	
	5 per tonne) 1690-5	1887/1680	1680-2	Pling	#UTTIQ	ver 14,1	25 tonne
	1600-6	1610/1600	1606-10	1595-80	6	10,789	lots
				Ring	num (over 4,	75 tonne
	1530-40 1555-65	1625 1560/1650	1620-30 1545-60	1545-60		784-	lete.
rate;						7,641	~B
	months: 1.64	25	6 months:	1.6179		8 mont	ns: 1.6026
ine			LONDON &		KET		
Previous			Gold (fine oz			E equiv	
132.0 140.9	135.0 132.1 140.0		Close Opening	369 1 ₂ -370 370-370 1 ₂		200-201 200-201	,5 ,5
204.5	215.5 206.0		Morning fix	369.00		222,495	-2
7) locus of	40 tonnes.		Afternoon fla	389.75		222,072	
			Day's low	369-369 2			
AL Extens							
Previous		00	Coins	\$ price		viupe 3	Jent .
134,50 133,00	133.50 133. 130.50 130.		Maplelea!	380-385		22812-2	3172
	20 tonnes.		US Eagle	380-385 380-385	1	228 1 ₂ -2: 228 1 ₂ -2:	3712
			Angel Kruperrand	377-382		225 1 4 22 1 4 - 2	11½ N.L
510/h	ndex point		New Sov.	86 2-87 2		22-52	~ =
Previous			Old Sav. Noble Plet	8512-8712 505.75-513.7		52-52 4 304-50-3	08.30
1438	1430 1420 1458 1465				•		
1543 1560	1540 1528 1546		Saver Ex	p/fins oz		JS eta (viupe
1392	1,000		Spot	515.20		524.20	· .
			3 months 5 months	326.15		535.30 546.16	
			12 months	357.30		67.50	
Previous		-	POMBON ME		OK TI		OPTIONS
106.50 110.00	109.90 109.	75	Administra (9		alts		Puts .
113.55 115.90	113.40 113. 116.70 116.	30 85	Strike price \$		Nov	Sep	Nov
119.90	119.75 119.	50	1700 1900	138 64	148	36	25 65
			1900	23	40	83	123
Previous			Copper (Grad		alis.		Purits
103.30	100.00 102 106.75 106	60 60	2500 2500	. 186 102	169	51 67	143
110.50 112.90	110.05 112.75 112.	60	2700	57	77	120	204
115.00	114.70						
112 (215). 00 tonne	Barley 159 (1 8.		LONDON POS				
			Colleg	Sep	Nov	5ep	Nov
	·		700 750	66 34	95 86	5 22	28 49
תם נותפות	High/Low		900	15	48	51	78
Previous			Cocce	Sep	Dec	Sep	Dec
Previous 114.0	113.0				_		
114.0 119.0	113.0		800	84		1	
114.0	113.0		800 850	84 45	112	7	19

o with c	ommissio	m house		
ring pro	vided the	suppor	t Coffee	
no was	choppy a	s the or	tion ·	•
ration di	ay nears.	SUGAL I	remained	
e closin	Q UO 31 1	asis Oc	tober. The	
				,
ang nog	HOVETHE	The The	THE CHES	
energy	complex	was low	er for	
of the	dey reties	cung lu	esdays	
i. numbe	ers. High	er gasoi	ine stocks	
thed he	evily on t	ne gas t	utures.	
			-	
	_		•	
w Y	OTK		-	
100 troy (z.; Sibuy o	Z.		٠.
Close	Previous	High/Lev		-
370.1	370.8	370.8	300.4	
371.5	372.6	0	0	
373.8	374.8	374.8		•
377.5				
385.3		385.2		
389.1	390.4	389.1	369.1	•
392.9	364.3 -	0 .	0	
			0	
NUM 50 tr	oy oz; S/tro	y oz.		
Close	Previous	High/Lov		
500.1	0	500.0		
612.7			ă.	
516.2	617.7	ō	Ŏ .	
9 5.000 tr	V OZ COST	Vitor oz	_ · ·	
				•
535.2	541.2	542.5 -	· 536.0 ··	
541.2 .	544.2	544.0 .	544.0	
549.0 565.4	552.0 559.4	562.0	548.5	
		567.0	A65.0	
\$63,9 571,5	568.9 574.5	567.0 - 0	565.0 0	
563,9	566.9			
\$63,9 571,5	558.9 574.5	0	0	
\$63,9 571,5	558.9 574.5	0	0	
\$63,9 571,5	558.9 574.5	0	0	
563.9 571.5 532.4	558.9 574.5	0		
563.9 571.5 532.4	566.9 574.5 585.4	0 0 per 18 193		
	ring promise p	ring provided the ring was choppy a ration day nears, re closing up 31 bitock markets all belies posted the short covering. It the hot and huiling hog movemeng lifted the care: energy complex to the day reflect, numbers. Higher the day reflect. Numbers. Numbers	ring provided the suppoing was choppy as the oping was chosen or oping up 31 hasis Octook markets all rose shot color markets all rose should be short covering. Hogger was for the hot and humid was ing hog movement. Coming lifted the cattle. The ghound to feature sldeway energy complex was fow to the day reflecting Tuil. numbers. Higher gasof the devironment of the day reflecting Tuil. numbers. Higher gasof the devironment of the day reflecting Tuil. numbers. Higher gasof the devironment of the day reflecting Tuil. numbers. Higher gasof the day of the day reflecting Tuil. numbers. Higher gasof the day of the	100 troy 02; Stroy 02. Closa Previous High/Low 370.1 370.8 370.8 362.4 371.5 372.5 0 9 373.8 374.8 374.8 375.3 377.8 378.8 374.8 375.3 381.5 382.6 382.0 382.0 385.3 386.5 385.2 385.2 386.3 386.5 385.2 385.2 386.1 380.4 386.1 386.1 386.1 389.1 380.4 386.1 386.1 380.1 380.4 386.1 386.1 380.1 380.4 386.1 386.1 380.1 380.4 386.1 386.1 380.1 380.4 386.1 386.1 580.1 0 0 0 NUM 50 troy 02; Stroy 02. Close Previous High/Low 500.1 0 500.0 500.0 503.1 504.7 507.5 501.1 505.9 507.6 500.0 504.5 509.2 610.7 0 9 612.7 614.2 0 9 61

DOW JONES (Base: Dec. 31 1874 = 100)

	51-113.30	111.05	.113.30	113.10	BOYN	BEAMS 5,0	100 bu mint q	ents/60lb be
Sep.	113,10	111,86 110,70	114.00	¥12.65		Close		High/Low
Dec	100.20	108.30		108.00	-			
	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,,			Sep	583/2	813/4. 587/2	819/0 588/0
CRUE	ME OIL (L	oht) 42,000	US galls \$	/berret	Nov -	573/0	500/4	500/4
_	Latest	Previous	High/Lo		Jan	502/6	589/6	500/0
_					Mar	50215	598/6 ·	599/0
Sep Oct	18.07 17.80	17.92	18.16	17.78	- May	603/0	610/0 610/0	606/0
Dec	17:73	17.84	17.00	17.65	Aug	699/4	601/0	802/0
Feb .	17,53	17.76	17.65	- 17.60				
Marie	11.54	17.74	17.61	17.46	SOTA	DEAN OIL	60,000 foe; a	ents/tb .
May	17.50	17,71	17.50	17.46	1, 1	Close	Previous.	· High/Low
Jun .	17.50	17.70	17.00.	17.40	Aug	17.94	17.93 .	16.13
MAT.	WO OH 4	2,000 US p	elle mediter	allen RU	Sep	18.14	18.16	18.33
12.41					Oct	18.36	18.40	18.55
	Latest	Previous	- High/Lo		Jen	18.74 18.01	18.72	18.94
Sep	4925	4920	4955	,4805	Mar	19.31	18.87	19.15 19.50
Oct :	4985	4902	5020	7.4960	May .	19.60	19.80	19.85
Dec	S125 5145	8132 6147	5150	6095 5136	Jul	19.85	19.55	20.10
Jen Feb	5090	5077	5000	5000	SOYA	BEAN ME	NL 100 tons:	Silon
Mer .	.4900	4882	4900	4890	10 10 10			
Apr	4740	4707	4740	4740		Close		High/Low
May	4630	4807	4630	4630	ADD	194.0	197.4	197.3
					- Sep	186.2 180.8	188.2 . 182.7	182.5
COCC	A 10 101111	es:\$/tonne	8 ; ·	···	Dec	179.3	181.1	181.0
	Close	Previous	High/Lov	v	Jen .	179.5	161.0	181.0
Sep	1327	1257	1342	1315	Wat.	181.0	182.5	182.5
Dec	1355	1268	1368	2345	May Jul -	182.2 182.7	183.0	183.0
Mar	1360	1293.	1373 .	1346				
Mey	1370	1305	1377	1350	MAIZE	5,000 50	m)n; cents/5	Stb bushel
Jul . Sep	1383	1318	1390	1390 .		Close	Previous	High/Low
Dec.	1418	1352	0	0	Sep	221/4	222/4	223/0
	• • • •				Dec	222/0	222/4	222/6
•			. '. :		- Mar May	229/2	234/2	229/4
COFFE	E C 37	500lbs; cer	its/iba	· ·	Jul .	234/8	234/6	234/4 255/8
	Close	Previous	High/Low		Seb	232/4 -	233/4	232/4
Sep	80.95 -	82.37	\$2.80	79.75	Dec -	230/4	229/0	232/4
Dec	88.11	84.49	84.00	82.25	- WHEA	T 5.000 bu	min; cents/t	000-bushel
Mar	65.60 . 67.46	86.45	86.75	84.95 87.35	. —	Close	Previous	High/Low
May Jul Sep Dec	90.25	90.40	90.50	90.00	Sep	390/2		
Sep	90.25	92.76	92.26	91.25	Dec	402/6	387/4 ·	301/4 403/4
Dec	93.73	96.50	95.50	94.25	Man.	407/0	404/4	407/2
		•			May Jul	386/0	38610	306/4
SUGA	R WORLD	717 112.0	00 lbs; cer	its/lbs .	Sep .	3 69/ 0 373/0	389/6 573/0	369/4
	Close	Previous	High/Lov					
	14.43	14.12	14.47				000 lbs: cen	Recipies.
Oct.	12.65	12.57	0	14.11 0		Close	Previous	High/Low
Mar	13.49	13.26	18.50 -	13.24	Aug	73.55	72.42	73.65
May	.13.27	13.03	13.2B					
				13.03	Sep	75.00	73,80	75.02
Jui Oct	13.05	12.83	13.05	12.89	Sep Oct Dec	75.00 75.97	73,80 75.02	78.02 76.00
Oct.					Oct. Dec Feb	75.00 75.97 24.47 70.10	73,80	78.02 74.00 74.70
Oct .	13.05 12.85	12.63		12.89	Oct Dec Feb Apr	75.00 75.97 24.47 73.10 74.17	73,80 75,02 73,72 72,45 73,52	75.02 76.00 74.70 73.52 74.40
Oct .	13.05 12.85 DN 50.000	12.63 12.63 cents/lbs	13.05	12.89	Oct. Dec Feb	75.90 75.97 24.47 70.10 74.17 72.48	73,80 75,02 73,72 72,45 73,52 72,10	78.02 74.70 74.70 73.52 74.40 72.60
COTT	13.05 12.85 DN 50,000 Close	12.63 12.63 cents/lbs	13.05 0	12.89	Oct. Dec Feb Apr Jun Aug	75.00 75.97 24.47 70.10 74.17 72.48 70.40	73,80 75,02 73,72 72,45 73,52 72,10 70,40	75.02 76.00 74.70 73.52 74.40 72.50
COTT	13.05 12.85 DN 50,000 Closs 78.33	12.63 12.63 cents/lbs Previous 75.03	13.05 0 High/Lov 78.70	74.76	Oct. Dec Feb Apr Jun Aug	75.00 75.97 24.47 70.10 74.17 72.45 70.40	73,80 .75,02 .73,72 .72,45 .73,52 .72,10 .70,40 .00 tb; centa/R	78.02 76.00 74.70 73.92 74.40 72.50 0
COTTI	13.05 12.85 DN 50.000 Closs 75.33 76.02	12.63 12.63 cents/lbs	13,05 0 High/Lov 78,70 76,50	74.76 78.42	Oct. Dec Feb Apr Jun Aug LIVE H	75.00 75.97 24.47 70.10 74.17 72.48 70.40 Gross	73,80 .75.02 .73.72 .72.45 .73.52 .72.10 .70.40 D tb; cents/8	75.02 76.00 74.70 73.52 74.40 72.50
Oct Oct Dec May	13.05 12.85 DN 50,000 Closs 78.33 78,02 78,68 78.85	12.63 12.63 12.63 Previous 75.03 75.72 76.35 76.55	13.05 0 High/Lov 78.70 78.50 77.10	74.76 75.42 76.51	Oct. Dec Feb Apr Jun Aug LIVE M	75.00 75.97 24.47 70.10 74.17 72.48 70.40 Close 46.36	73,80 75,02 75,72 73,72 72,45 73,52 72,10 70,40 20 tb; cente/R Previous	78.02 76.00 74.70 73.32 74.40 72.50 9 High/Low.
Oct Oct Dec May	13.05 12.85 0N 50.000 Close 78.33 76.02 78.65	12.63 12.63 12.63 Previous 75.03 75.72 76.36	13.05 0 1High/Lev 78.70 76.50 77.10 77.25 77.00	74.76 78.42 76.51 75.36	Oct Dec Peb Apr Jun Aug LIVE M	75.00 75.97 24.47 70.10 74.17 72.48 70.40 Gross	73,80 75,02 73,72 72,45 73,52 72,10 70,40 20 b); certa/R Previous 48,50 39,17	78.02 76.00 74.70 73.32 74.40 72.60 g
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Oct Dec Her May Jul Jul Dec ORAN	13.05 12.85 DN 50.000 Closs 76.33 76.02 78.55 76.80 60.55 57.40 GE JUSCE Close 157.50	12.63 12.63 12.63 Previous 75.03 75.72 76.36 76.90 69.15 66.90 15.000 lbs: Previous 159.10	13.05 0 1High/Lon 76.70 76.50 77.10 77.25 77.00 69.70 67.40 Conta/ibs 1High/Low 160.15	74.76 74.76 78.42 78.25 76.51 75.36 69.30 66.80	Oct. Dec Feb Apr Aug LIVE M Aug Oct. Dec Feb Apr Jun Aug	75.00 75.97 72.47 73.10 74.17 72.46 70.40 Glose 46.30 40.40 42.02 42.03 40.12 45.05 44.25	73.80 75.02 73.72 72.45 73.52 72.10 70.40 10 lb; centars Previous 46.50 59.17 40.97 40.97 44.50 46.50 46.50 46.50 46.50 46.50	75.02 76.00 74.70 73.32 74.40 72.50 0 0 0 0 46.40 46.40 42.03 42.00 40.35 44.25 44.25
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COTTO	13.05 12.85 DN 50.000 Ciona 76.33 76.02 76.86 76.86 69.55 67.40 157.50 144.95 141.35	12.63 12.63 Cents/lbs Previous 76.03 76.72 76.36 76.56 66.15 66.90 15.000 lbs; Previous 159.10, 147.70 143.40 142.65	13.05 0 78.70 78.70 76.50 77.10 68.70 67.40 conts/lbs High/Los 148.50 148.50 148.50	74.76 74.76 78.42 78.23 76.51 75.36 89.30 68.80	Oct. Dec Cot. Dec Cot. Dec Cot. Aug LIVE N Aug LIVE N Aug Oct. Dec Feb Apr Jun Jul Aug PORK Aug	75.97 75.97 74.47 79.10 74.17 72.48 70.40 OGB 30,00 Gross 46.36 40.40 42.02 42.02 42.05 40.17 45.05 44.25 58ELLES 4 Close	73.80 75.02 73.72 73.72 73.72 73.52 72.10 70.40 10 bb; centars 48.50 39.17 40.97 44.50 46.50 39.47 44.50 46.27 44.02 9.000 lbs; centars 9.45 9.45 9.45 9.45 9.45 9.45 9.45 9.45	75.02 76.00 74.70 73.32 74.40 72.20 9 9 46.40 46.40 46.40 42.90 42.90 42.90 45.25 45.25 45.25 45.25 45.25 45.25

LONDON STOCK EXCHANGE

Late rise takes equities to 1989 peak

RENEWED takeover speculation came to the rescue of the UK stock market yesterday, helping to push the FTSE. Index to a new 1989 high at the close of a somewhat erratic trading session. The improve-ment on the day of more than 15 points on the Footsie Index was spurred on by a squeeze on trading positions at market its Farmers Group subsidiary to the state of the Police of avoid being caught short of intends to intervene in the

AUGUST 3 194

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traction of the first hand

The London market closed in flurry of gains, despite an camp.

Hally uncertain performance The FT-SE Index closed at initially uncertain performance from Wall Street. Most sectors shared in the upturn, although BAT Industries weakend fur peak struck on Friday, ther, unsettled by reports that Although equity traders said

		
Accoun	rt Dealing	Dates
*First Deathque Jul 17	Jul 81	Aug 14
Option Deplered	Aug 10	Aug 37
Lest Dealings: Jul 25	.Aug 11,	_ Sep 1
- Account Day: - Aug 7	Aug 21	Sep 11
"New time deal \$.00 am has be	age may lake sinces days a	piace from
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impending US legal battle over the bid from the Goldsmith

2,307.8, adding 15.5 on the session to break through the 1989

market activity was not heavy, tha late burst of speculative interest took Seaq volume to 424.8m, compared with 413.5m

in the previous session.

Equities opened lower in the face of Wall Street's overnight fall, which itself reflected worries over recessionary pressures. But little seiling was seen, and equities were soon galvanised by several unre-lated developments.

The UK Department of Trade and industry cleared the way for a renewed bid for Plessey from the GEC/Siemens consortium, moving Plessey shares higher and reviving the market's speculative excitement. The blue chips rallied, and this

squeezed market makers' posi-

The squeeze was intensified national recommended store when ICI turned sharply upwards as hints circulated in the City of impending management meetings Later, it appeared that only routine matters were involved. The market slipped well

back from its early gain and traded fairly quietly over tha lunchtime period. However, the undertone remained exciteable and it was not long before speculators reappeared. The food and retail sectors came in for particular attention as several houses took the

view that consumer spending

was showing some resistance

the sector may see a recovery in business by Christmas. Yesterday's performance on the overall market, "seemed to confirm that the odds are all against taking a bear stance," was the comment from Societé

Generale Strauss Turnbull. Accurate dally equity turnover statistics including Lon-don trading in international equities are temporarily unavailable from the Stock Exchange and are therefore omitted from the FT Stock Indices Table and from the graph, both on this page.

to the effects of high domestic

interest rates. Salomon Inter-

shares, on the argument that

FINANCIAL TIMES STOCK INDICES 87.20 (13/6)(28/11/47) (3/1/75) Ordinary Share 1447.8 1926.2 (7/7) FT-SE 100 Share 1782.8 2443.4 986.9 (3/1) (16/7/87) (23/7/84) Ord. Div. Yield Earning Yid %(full) P/E Ratio(Net)(*) Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/63. ☆ NII 12:03 9.88 12.15 9.97 12.05 10.04 11.97 11.53 10.57 12.13 SEAQ Bargains(5pm) Equity Turnover(2m)† Equity Bargains† Shares Traded (ml)† 26,382 N/A N/A N/A 30,923 N/A N/A N/A 22,970 895.26 27,970 377.2 25,935 34.112 1487.52 28,446 1330.28 S.E. ACTIVITY 37,465 555.S 29,888 451.\$ Gilt Edged Bargains 102.9 Equity Bargains Equity Value Ordinary Share Index. Day's High 1923.9 Day's Low 1905. Equity Sargains 93.6 Equity Valua N/A Equity Valua N/A SE Activity 1974, Texcluding intra business. London Report and lax index: Tel. 0888 123001 FT-SE, Hourly changes Day's High 2307.8 Oay's Low 2285.8 1 p.m. 2 p.m. 2301.3 2302.1

Car deal boosts Lucas

Confirmation that Lucas had concluded a components deal with West German hixury car maker BMW ended a day of see-saw price movements and errant stories.

The price advanced from the opening of trade on the back of bullish comments from Salomon Brothers and buying from both US and European inves-

The favourable sentiment soon turned into speculation about another deal with BMW for anti-lock brakes. However, analysts poured cold water on this idea: "The stock is not due to the stock is not due to the stock is not due to the stock is not deal to the stock is not de for a bounce," said one. The price retreated from its high of 680p to close at 672p, still an improvement of 20 on the day. Turnover was 2.1m shares, The real BMW deal, con-firmed in the last half hour of

firmed in the last half hour of trade, is to supply fuel injection systems. Two other high technology contracts, possibly with Volkswagen and Volvo, were also revealed.

Reacting to the news, Mr Kelth Williams, analyst at BZW said: "This is a real vote of confidence in Lucas," Other industry observers echoed this

industry observers echoed this view, based on the boost it. would give to Lucas's reputation, Mr Williams also pointed out that the day's rise amounted to a chart hreakout.

UB hopes

SHIP

Expectation that United Biscuits (UB) is close to clinching the sale of its Wimpy and Pizzaland chains at a handsome price helped the food company's shares turn an early deficit into a 10-point gain. At the on turnover of 2.4m shares with dealers reporting good interest in the options and war-

rants. UB should announce the dis-posal of the two chains in the second half of next week, and analysts now believe the total sale price could reach £200m. some £50m or so higher than initial City forecasts. According to broker Smith New Court, £200m would virtually eliminate UB's debt and boost eps by 7 per cent next year. Some analysts believe UB shares are overvalued because of the lack of follow through from recent bid speculation, strong enough in June to push UB to a 20 per cent premium over the market. "The sale of the two chains should replace some of the bid premium in the price with more fundamental-ly-based value," commented Mr

and Pizzaland, the two chains may be sold to different buy-ers, say researchers. The names most commonly men-tioned have been Grand Metropolitisal for Wimpy, and Whit-bread, for Pizzaland.

STC active

Revived market talk of a deal between STC and West Germany's Nindorf triggered strong buying of STC shares. The stories gathered pace when news agencies reported that takeover speculation had boosted Nixdorf shares in Frankfurt.
Talk in London suggested

that STC and Nixdorf were about to reveal a joint venture involving STC's ICL aubsidiary, a deal possibly involving an exchange of shares between the two.

Analysts said that while there would be a certain logic to a deal between the two, the sharp rise in STC's shares also reflected recovery from overselling in the previous session. Some pointed out that Nixdorf is virtually bid-proof by virtue

of its share structure.

"Although the stories about STC/Nixdorf are not desperately coherent, it looks as if something in the way of Euro-pean links, involving say Oli-vetti. Siemens or Nixdorf, are bound to happen," said one. STC jumped 7 to 373p. Official confirmation that

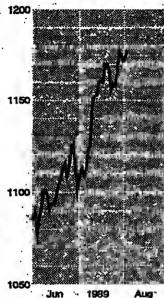
the UK Secretary of State for Trade and Industry has given the go-shead for the GEC/Sie-mens alliance to renew their

245p a share after raiding the market and lifting their joint of the big-four clearing banks stake to just below 15 per cent.

NEW IROHS (186).
SRITTEN TUBIOS (1) AREFRICANS (2)
CANADANS (7) BARROS (9) Algomera, Sand
Bibso Viz, Barrosira Cio, Deutsche Ba.
Mitsvelosit 7 8, Stamitomo T 8,
SWEWERS (4) Guinness, Do. 84 pc Cv. Lin.
(Merzion Thompson, Merrydown Wine,
SWEDWOS (7) CPH, Dougles (B.M.), EBC,
Eve Grg., Kingspan, Lefarge Coppea,
Machine (A.), CHERNELLE (4) Bent Chems.,
Fosco, Schering, Yule Cette, STONES (9)
Barterware Come. Prod., Burton, Gent (S.P.),
GOOdman, Kingflaber, Lydde Chemista,
Marka & Spencer, Merzies (J.), Smith
(M.H.),
ELECTRICALS (18) ENGINEZHROG (9) BM
Grg., Decouter Bros., Heath (5.), All Midgs.,
FOODS (9) Argyll, BSN, Fili-Prices, Geest,
Needs SA (Br.) Do. (Rol), Park Food,
Seinsbury (J.), Tesco, HOTELS (7) Laddroise,
NDOSTRIALS (32) Alla, Ascandard Wheeser,
Asson, Brit. Consista, Asson, Mursing Stre.

BIOUSTRIALS (23) Alla, Alexandra Whower, Tabao, Bar, Consis, Assoc, Mustaing Sves., B.H. Priss, SET, STR Nylox, Shushird Toys, CMB Pealong, Carbo, Crean (1.), Dover Crp., Electrolux, Olspo, Gration, Handisy-Waller, Harding, Hepworth, Hunting Assoc., 1979 Int'l. Maddrature, Metsoc.

FT-A All-Share Index



to get control of Plessey, moved up 5 to 276p on turnover of 5.5m, while GEC edged up 2 to 270p on 4.3m.

the Racal twins with BZW responsible for an early decline in Telecom to 350p, and in Electronics to 426p. Rallies sent Telecom to 364p hefore, fresh selling left it a net penny off at 358p, while Electronics touched 430p before closing 5 down at 426p. Turnover in Telecom was 2m shares, well. up on normal levels.

Plessey shares, reflecting a provisions to around 48 per growing feeling in the market cent when announcing interim that GEC/Siemens may have to results. Barclays figures, showeventually pay as much as 285p ing pre-LDC profits up 28 per

figures were better than expec-ted but contained a number of exceptional items," said ons had enjoyed a good run in recent days; "there has been some profit-taking and switch-ing," he added.

There was a two-way pull in

mens alliance to renew their attack on Plessey, the electronics group, put the City on red alert for any new offer, which under takeover panel rules has to be made within 21 days of the granting of DTI approval.

Dealers said they were expecting the alliance to launch another hid, perhaps even teday, at a price of 2699 to 2609 a share. GEC/Siemens prevented by 15 decivery increased that to 245p a share after raiding the up on normal levels.

VG Instruments raced up 15 to 363p, after 365p, with the market said to be taking the wiew that every likely scenario concerning the Hoylake bid for per cent plus stake in yound involve a sell-off and possibls bid for VG. US group Hewiett-Packard is believed by 265p a share. GEC/Siemens prevented as share bid for VG around three years ago.

Barclays became the latest

cent at £823m and a 14 per cent increase in the interim dividend, proved a disappointment to the market where Barclays shares slipped 7 to 505p. "The

There was slight disappointment also with domestic banking margins in the period and
the dividand increase — the
lowest increase of the clearers
to report so far. "With all the
talk of unlocking shareholders
value it is a disappointment" value it is a disappointment," said Mr Alan Greenberg at Citi-corp Scrimgeour Vickers, who also said the banking sector

ing," he added.
Midland, 5 higher at 349p,
are scheduled to report interim
figures today and are expected to announce LDC provisioning of around £600m to match the levels of the other three banks.
Insurances were featured by

persistent selling of the brokers, where CE Heath dropped 11 to 449p and Willis Faber 6 to 220p, after 217p; Ms. Julianne Jessup, insurance broking analyst at BZW, cut her profits and forecasts for Willis yesterday to "reflect the very substantial and disiturbing drop in core broking profits which on our forecast will halve this year." For 1989 BZW is going for pre-tax profits of £52m, down from £60m and a divi-

dend of 11.46p against 12p, while for 1990 it forecasts profits of 258.5m against 270m and a dividend of 12p against 18p.

Although early talk of Kingfisher buying W H Smith's diy operation Do-it-All for £250m was quickly rubbished, it was enough to get the two stocks enough to get the two stocks racing ahead in a stores sector plagued by stock shortages. Kingfisher ended up 9 at 3660 and W H Smith "A" 15 better at

The sector as a whole was well bought, supported by the recent prediction of outperformance from Laing & Cruickshank, and a new note on stores from Morgan Stanley. Morgan sees the "summer of discontent" as a buying opportunity, and advises clients to overweight in Kingfisher, Boots (up 5 at 297p), European Home Products, (up 5 at 194p), Ratners (up 7 at 257p), Marks & Spencer (up 7 at 218p) and Dixons (up 3 1/2 at 168 1/p). The latter was boosted further hy reports of a buyer of 3.5m shares bidding ontside the

Wickes, the diy chain, jumped 12 to 216p after unveiling a more than fourfold improvement in half-year profits to £15m.

Further consideration of Tuesday's revelation that the company was in bid talks boosted Desoutter past £5 in good volume before it subsided by the close to 478p, a net improvement of 33.

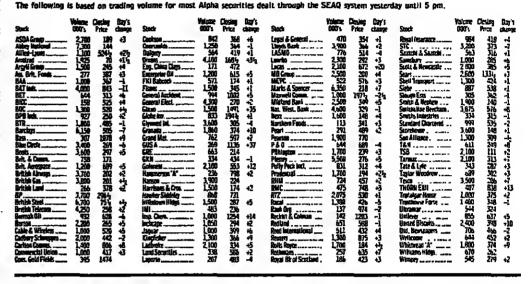
The excitement over Lucas helped fellow components supplier T & N add 8 at 249p.

Glynwed's 41 per csnt improvement in full-year profits was not enough to please the markst and the shares eased 4 to 305p.
Food retailers put in a pow-

erful performance following the publication of a string of circulars from City broking houses. The clear consensus from the analysts was that the sector is a firm buy; it has outperformed the market by 20 per cent in the last five months and strong trading in the first half of this year should help stocks maintain their upward momentum.

The most exhaustive review came from the newly-formed food retailing team at County NatWest WoodMac, which has set out a positive current and long-term view on the sector. County forecasts sector earnings to rise by 20 per cent over the next three years (compared with 8 per cent for the market). "If the two basic requirements for sustained performance are superior profits growth and/or an upwards re-rating, then the food retailing sector should continue to outperform," trum-

neted County. These points were echoed Kleinwort Benson, Morgan Stanley, and Citicorp Scrim-geour Vickers. Stocks picked out for particular attention were Tesco, on the day up 7 at 206p, Sainsbury, up 6 at 285p, and Argyll, up 4 at 245p. Citi-corp were also advising clients to move into Asda, 3 better at 189p; the deal to buy 62 former Gateway superstores from Isos-celes will, says Citicorp, "rein-force Asda's powerful position



TRADING VOLUME IN MAJOR STOCKS

as the largest superstores oper-ator in the industry and will produce earnings enhancement in 1990/91."

Among food manufacturers. Booker took a tumble, dropping 12 to 474p after brokers James Capel and Robert Flem-ing downgraded.

Early worries over the outcome of rumoured manage-ment meetings at ICI subsided to leave the share price 14 better by the close at 1254p, the highest of the day.

The entry of Blue Circle into the contest to take control of

Myson with a morning share raid and hid hoosted that latter another 15 to 236p. Blue Circle

Fell 6 to 269p.

The earlier bidder, Yale and Valor, rose 12 to 349p on the possibility that it might not after the company said that

have to pay out to take control. Some 30m Myson sbares changed hands as Blue Circle took its holding to 29.5 per cent of Myson. Yale and Valor has an 8.25 per cent stake. Life Sciences International

climbed 5 to 84p after the com-pany's broker, Robert Fleming, produced a 10-page document forecasting 37 per cent growth in pre-tax profits for the cur-rent year. Mr Rupert Lewin, analyst at Flemings, said that

the company had been transformed in the last two years through US laboratory equipment acquisitions. TIP Europe added 5 at 169p as dealers heard that the com-

comment. Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 25

BUSINESS LAW

Time beats Paramount in the **Delaware** courts

By Leo Herzel and Richard W. Shepro

THE TAKEOVER struggle between Time and Paramount was resolved in favour of Time on Monday 24 July, when the Delaware Snprems Court affirmed the Delaware Chancery court decision 1. The decision allowed Time to complete its bid for Warner and to elude Paramount's high-premium all cash bid for Time. At this point, we only have a long Chancery court opinion explaining why. The Delaware Supreme Court's opinion giving its reasons is probably sev-

eral months off. The boards of directors of Time and Warner had agreed in March thet Warner would merge with a Time subsidiary. In legal form, Time would have survived. Warner shareholders would have received a fraction of a new Time share for each Warner share, based approxi-mately on the market values of the two companies at the time. Warner and Time managements were to share the key positions in the new company. Because the original merger

was a stock-for-stock exchange, each company had to obtain the approval of its shareholders, Warner under Delaware law and Time under New York Stock Exchange rules. There was no way to avoid this without shifting to a cash bid by one company for the other.

But a cash bid would have

required a premium from the bidder and a large amount of debt. And the original stockfor-stock transaction qualified for pooling of intsrests accounting treatment under US accounting rules. Pooling of interests accounting combines the financial statements of. both companies and avoids the creation of goodwill on the books of the acquirer - the difference hetween purchase

price and book value.
Under US accounting rules, goodwill must be fully amor-tised by annual charges against reported earnings in not more than 40 years. No deductions are allowed, how-ever, for goodwill under US income tax rules. A cash bld cannot qualify for pooling of interests accounting. Paramount Communications

began its surprise high premium \$176 per share cash ten-der offer for 100 per cent of Time's shares on 7 June and increased its bid to \$200 on 23 June, Paramount's bid created a stalemate. Time shareholders

were now highly unlikely to vote for the Time-Warner merger, but Paramount needed bidder. In form, Time was buy-ing Warner, not selling Time, but the original merger agreethe co-operation of Time's board to surmount the many legal difficulties in its way. In response Time and Warner modified their merger agreement to require Time to make a premium cash bid for a majority of Warner's shares to be followed by a merger in which the remaining Warner shares would be exchanged for Time securities. After the announcement of the revised agreement the market price of trol in the transactioo.

Time shares dropped sharply. Time and Warner were exploiting a discrepancy in US corporate law and stock exchange rules. By becoming the bidder Time no longer had to obtain shareholder approval. However, Time's bid drastically changed the economic bargain between Time and Warner sharebolders. It also entailed a large amount of new debt for the surviving entity and lost the benefits of pooling of interests accounting.

But in the Delaware courts' view, Time's directors were not acting irrationally when they took the view that sharehold ers are better served by the board's long-term plans than by Paramount's all cash tender offer. "Directors," Chancellor William Allen said, "may operate on the theory that the stock market valuation is wrong in some sense, without hreaching faith with sharehold-

Paramount's biggest strategic weakness was that it needed the approval of the FCC and cable television regulators across the country to acquire Time's many hroadcasting and cable television interests. Time was doing everything in its power to make this impossible and Paramount desperately needed to make peace with Time's hoard Since the Time board had no

interest in any combination with Paramount, the only practical way Paramount could achieve this was through liti-gation in the Delaware courts. One of the main legal issues in the litigation was whether Time was for sale. Under the Delaware Supreme Court's

ambiguous opinion in MacAndrews & Forbes Holdings v Revlon 2, once directors have

decided to sell a company they

may have a duty to auction off the company to the highest

ment could have been considered an agreement to sell Time. Delaware law was still unformed on this important issue. The chancellor respected the legal framework imposed by the original agreement and found that no sale would have taken place in the merger. The main distinction suggested by his opinion appears to be that there is no sale unless a new identifiable group achieves con-

However, the chancellor agreed with Paramount that Time's offer for Warner was in effect a takeover defence against the Paramount bid. Under Delaware law, takeover defences are governed by the rule in the Unocal case 3, namely, was Time's response reasonable in relation to a threat to corporate policies posed by Paramount's offer? Time argued that Paramount's bid was so inadequate as to constitute a threat. The chancellor seemed to find this a lame argument. He was more sympathetic to Time's argument that the threat posed Paramount's bid was that it would make the proposed combination with Warner impossible. The chancellor agreed that husiness goals for this combination were established well before Paramount announced its offer and that Time's bid was not merely contrived to discourage takeovers. He acknowledged that most shareholders would have preferred the ready cash of Paramount's offer. But, he said, Delaware law gives the directors, not the

shareholders, the right to make this decision.
It is probably true that even if Time's bid had excellent long-term prospects for lts shareholders they would prefer the large short-term gains offered by the Paramount bid. From an individual standpoint, they are right - they can invest the cash from the Paramount bid in another business thet appears to have good prospects. That is not necessarily true for investors as a whole.

The point can be seen in the case of institutional investors. Because of intense competition for businass, institutional money managers need immediate gains and prefer the sbort-term gains from the Paramount offer. But as a group

they are completely diversified. They hold Time, Paramount and Warner stock. If they had been acting togetber, they might have been better off with the original Time-Warner merger because no new debt would have been created.

integration of an acquisition

not going as smoothly as it might, explained an analyst.

the longest name of any listed

in the London stockmarket, Sonthampton Isle of Wight and Sonth of England Royal

Mail Steam Packet, which trades as as Red Funnel, rose

another 14 to 254p. The com-pany is subject to a bld from the UK subsidiary of Danish

company Sally Line, and yes-

terday's rise was put down, by analysts, to Scandinavian press

The company said to have

Pooling of interests account-ing also has practical value although market enthusiasts believe that the stock market should be able to see through mere accounting differences. That does not explain why the market valued the original

Time-Warner combination less than the Paramount bids. The answer appears to be that institutions and the market prefer more debt and large short-term gains, probably because they

use cash and borrowing power. In sbort, this takeover struggle illustrates a big problem of the US economy; a strong preference for debt combined with

a short-term outlook. If Time were incorporated under another state's law, the decision might bave been easier. New York now has a statute allowing directors of a target corporation to consider the long-term effect of a takeover on shareholders and the company. Other new state statutes give target directors addi-tional extensive powers to con-sider the effects of takeovers on employees, suppliers, customers and communities.

These statutes would have avoided the close questions under Deiaware's Unocal rule. Time's directors could bave made a defence based on the traditional business judgment rule under which courts defer to boards of directors unless they are disloyal or reckless.

Paramount Communications Inc v Time Incorporated, No. 10866 (Del Ch. 14 July 1989), affirmed orally (Del S Ct. 24 July 1989), opinion to follow. 2 506 A 2d 173 (Del 1986). ³ Unocal Corporation v Mesa Petroleum Company, 493 A 2d

946 (Del 1985). The authors are partners in the

Chicago office of Mayer, Brown Correction. In the Business

Law Column of July 27 reference was made to Mr Dennis Levina. We have been asked to make it clear that Mr Levine was not employed by Merrill

APPOINTMENTS

NEW HIGHS AND LOWS FOR 1989

Chairman of Norcros

Carl Short of Kitcat & Aitken.

As to who will buy Wimpy

■ NORCROS has appointed Mr Julian Sheffield as chairman, and Mr Michael Doherty as deputy chairman in addition to his role as group chief executive. Mr Sheffield, who has been deputy chairman of Norcros since 1981, is also chairman of Portals, and a deputy chairman of Guardian Royal Exchange. He succeeds Mr John Redwood who has ... resigned on his appointment as Parliamentary under secretary at the Department of Trade and

RERRY, BIRCH AND NOBLE has appointed Mr Alan Emery as a director of Berry Birch & Noble Financial Services, and Mr J.J. Fairfuli and Mr S.W. Fairfull as directors of Noble & Wilkins, Lloyds brokers.

HALL & TAWSE GROUP. part of Rame Industries, has appointed to the main board Mr David Vincent, managing director of Hall & Tawse Southern, and Mr Rick Bloomfield, finance director.

TREATT has appointed Mr . Michael Benson, non-executive chairman of Givaudan, as a non-executive director.

m DETONGHI, an Italian electrical appliances company. has appointed Mr Robin Sawyer as managing director

of its new UK subsidiary. He was with STC Distributors, where he was sales and distribution manager. Mr Steve Morge becomes seles director. He joins from Russell Hobbs Tower.

Mr Henry Miller, managing director of Benham Building Services, has been elected 1989-90 president of the Heating and Ventilating Contractors' Association.

m Mr Graham Dunsdon, marketing co-ordinator, and managing director of the insurance subsidiaries, has been appointed to the board of HFC BANK, Mr Martin Angler (from American Express) becomes production co-ordinator, and Mr Adrian Hill (from Kleinwort Benson) becomes treasurer.

ROBERT FRASER INSURANCE BROKERS has made the following appointments. Mr Mark Burhidge and Mr Giles Schofield, both from the Fenchurch Group, become directors of Robert Fraser Special Risks. Mr Peter Bickmore and Mr Nicholas Talbot-Smith, from J.H. Minet, become directors of Robert Fraser Bloodstock. Mr James Barker has been appointed an assistant director of Robert Fraser Reinsurance Brokers, and Mr Terry Spicer becomes an assistant director of Robert Fraser U.S. & International Mr Allan Everitt, from Devitts, has been appointed managing director of Robert Fraser

Equestrian. Mr Peter Bridges,

from Cornhill Insurance Co. becomes an associate director of Robert Fraser Insurance Services (U.K.).

Myson, Portmeirion Potts, Houters, Russell (A.), Scape, Sihn, Bast, Grp., T & N. Tomkins, Loliever M/V, YRM, MSURANNE (1) Allianz, LEBURE (4) Anglat TV, Comessa, Scott. TV, Thames TV, NEWSPAPERS (1) Builder, PAPERS (3) Goodhead, Paragon Comms, LLK, Paper, PROPERTY (8) BDA, Britannis, Chesterfield, Do. Cv. PL. Gir Sile Eals, Chesterfield, Do. Cv. PL. Gir Sile Eals, Chesterfield, Do. Cv. PL. Gir Sile Eals, P.S.M. Propa, McInerov, Mowal, Priest Marjans, TEXTILES (1) Dawson Int'l. TRANSPORT (4) Jecob (J.I.), Goodan Trans., Runcimen (W.), Soton I.O.W. Steam, TRUSTE (40) OLS, (4) GUERDES TRADERS (1) Inchcape, Mares (7).

NEW LOWS (22), EVALUATE (1) Common Common Marchines, Northernor, Nat. Telecom, Size Comp., Wholesals (Fings., FOODS (1) Pearnigen. Northernor, Nat. Telecom, Size Comp., Wholesals (Fings., FOODS (1) Pearnigen. A. Kingsgrange, Si Grp., Third Mille Inv., RESHRANCE (1) Arches (A.J.), PAPERS (2) Green (J.), Usher Waller, PROPERTY (1) Chygrova, TRUSTE (1) M & G 2nd Dusi., ORS (1) Century, MINES (1) THERD MARKET (1).

Mr Andrew Smart has been appointed managing director of the northern region of COWIE INTERLEASING.

■ At INTERBRAND GROUP Mr Tom Blackett has been appointed managing director of continental Europe; Mr Paul Stobart, group finance director, becomes managing director of Interbrand (UK); he is succeeded by Mr Noel Penrose, who joins the main

Mr R.H.A. Chase, chief financial officer, Orient Overseas (Holdings), becomes group managing director, nance and administration, at the AUTOMOBILE ASSOCIATION, from January 1. succeeding Mr R.D. Vaughan who is retiring.

CLARKE HOOPER has made the following appointments. Mr Tom Wettern becomes finance director - he joins from Primesight where he was finance director, Mr Martin Smith to creative director, Mr Jeff Solender, associate director, direct marketing, Mr Kevin Stott, associate director, client service; Mr Maurice Kelly, associate director, finance: and Mr John Morgan. associate director, purchasing.

■ Mr Michael Barrott has been

appointed to the board of The

Private Capital Group, part

He was finance director.

of the SCANDINAVIAN BANK GROUP. He is managing director of Private Capital (Financial Services).

SIMON ENGINEERING has Forshaw as marketing director of its paper engineering sub-group, based at Holder Pamac. He was sales and marketing director of Simon-Carves, and of the capital projects sub-group.

Mr Christopher E. Claubam has been appointed company secretary of ROUSSEL LABORATORIES, Denham, and its UK subsidiaries. The company is the British subsidiary of Roussel UCLAF Group, France.

Mr Robert J. Foster has been appointed a non-executive director of KINGSGRANGE.



Mr Rupert Stanbury (above) has been appointed group managing director of KETSON.

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FINANCIAL TIMES THURSDAY AUGUSTS 1989 36 Latest Share Prices are available on F7 Cityline. To obtain your free Share Code Booklet ring the F7 Cityline help deak on 01-925-2126 INDUSTRIALS (Miscel J—Conta)

INDUST LONDON SHARE SERVICE DRAPERY AND STORES—Contd

| Section | Property | Proper INDUSTRIALS (Miscel.) - Contd. INDUSTRIALS (Miscel.)—Contd ENGINEERING DRAPERY AND STORES-Contd BUILDING, TIMBER, ROADS -AMERICANS-Contd Price | + ar | Oh | Cree | 34 | 1-14 | 30c | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 | 3-2 Contd BANKS, HP & LEASING

1989

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar awaits fresh guidance

THE DOLLAR closed weaker on the day but showed signs of stabilising as dealers stood back and tried to decide whether the recent fall bas been too far and too fast.

Background support was provided by reports that US warships are at sea and are probably beading for the Middle East. But in the absence of further developments involving the hostage situation, the US currency was still mainly influenced by economic fac-

These dragged the dollar down overnight, hut yester-day's economic news did not have a similar impact. The most important figure yesterday was US factory orders. These showed the expected rise of 0.4 per cent in June, recovering from a fall of 2.6 per cent in May. The scale of rise in June
US home sales was something
of a surprise, but bad more
effect on the bond market than

the dollar. It is now a matter of waiting to decide whether the very weak survey published this week by the National Associa-tion of Purchasing Managers heralds a recession and, impor-tantly, also whether the Federal Reserve will continue to ease its monetary stance.
June US leading indicators

due today are expected to fall

2	N NE	W Y	OF.	K
Aug.2	Clos		F	revious Close
£ Soot	1.6630-1 0.69-0 2.05-2 7.17-7	mo8å.	0.	35-1.6645 78-0.76pm 19-2.16pm 55-7.45pm
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8.30 am 9.00 am 10.00 am		92,92,92,92	8 6 7	93.3 93.2 93.1 93.0

CURRENCY RATES

Aug.2	rate %	Drawing Rights	Currency Unit,
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# Sterling quote	d in term	s of SDR.and	ECU per E.

CURRENCY MOVEMENTS

Aug.Z	Bank of England Index	Morgan Guaranty Changes %
Sterling	92.7 68.4 104.0 106.9 106.4 108.0 110.7 190.0 100.1 142.0	-185 -95 +18 -59 -1.2 +20.8 +10.7 +13.4 -18.3 +75.6
Morgan Guaranty 1962—100. Back of 1965—1000—Rates are	changes: a England Index forAug 1 .	verage 1980- (Base Average

1985 = 1001	Rates are for Aug 1								
OTHE	OTHER CURRENCIES								
Aug.2	£	\$							
Argentina Australia Brazil Finland Grecte Hong Kong Iran KorealSth) Kuwakt Linembourg Malaysia Mexica M Zealand Saudi Ar Singapore 5. Al (Cm) 5. Al (Fe)	3 2290 - 3.2345 4.3470 - 4.3565 6.8480 - 6.9625	650.00 - 660.00 1.3065 - 1.3015 2.1780 - 2.240 4.1810 - 4.1830 159.10 - 161.60 7.8055 - 7.8075 71.507 0.47980 - 0.27450 0.27980 - 0.27450 0.27980 - 0.27450 0.27980 - 0.27450 0.27980 - 0.27450 0.2740 - 1.6760 1.6740 - 1.6760 1.6740 - 1.9470 2.6200 - 2.6215 4.1240 - 4.1930							
Tahwan	42 15 - 41.75	25.75 - 25.85							

MONEY MARKETS

Longer rates firm

pact at a fixed rate of 6.60 per cent and DM14.1bn for a 63-day

agreement, at rates of 6.65 to 6.85 per ceut. This totalled

DM37.4bn, and produced a net drain of DM6.1bn, as DM43.5hn left the markat through two

Dealers said the Bundesbank seemed intent on keeping conditiona tight at present, but this does not represent a change in policy. It is still control to the court of the cour

change in policy. It is still early in the month and the authorities have the opportunity to inject liquidity if funds are tight later in the month. In Zurich the Swiss National Bank left its floating Lombard rate unchanged at 8% per cent.

In Amsterdam tha Dutch Central Bank added reserves to

the money market, through Fl

4.28 in seven-day special advances, at an unchanged 7.1 per cent. This replaced F1 2.04 draining from the market, as

earlier six-day advances

expiring agreements.

THE REVERSE yield curve flattened on the London money market market yesterday, as the shorter periods held steady but longer dated rates rose in reaction to the view that UK bank there was a longer than the result of the longer dated rates rose in reaction to the view that UK bank there was a longer than the result of the longer dated as the longer than the longer dated as the longer were trading at 8½ per cent.

In Frankfurt credit conditions remained tight with call money unchanged at 6.90 per cent, after the West German Bundeshank drained funds from the hanking system at this week's securities repurchase agreement tender.

The central bank accepted bids of DM23.3bn for a 28-day pact at a fixed rate of 6.60 per base rates may remain at 14 per cent for several months. Sterling's temporary dip below DM3.08 tended to reinforce suggestions that base rates will not be cut in the near future. Three-month sterat 13%-13½ per cent, while one-year funds rose to 13%-13½ per centfrom 13%-13½ per cent. The Bank of England initially fore-

14 per cent from May 24

cast a credit shortage of £450m pounds on the London money market, but revised this to market, but revised this to £700m at noon. Before lunch the authorities gave assistance of £706m, buying £631m bank bills in band 1 at 13% per cent and £75m bank bills in band 2 at 13% per cent. There was no further action during the after-

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £210m, with a rise in the note circulation absorbing £105m and bank balances to \$245m. ances below target £245m. Theae factors outweighed Exchequer transactions adding

£100m to liquidity.
In New York the US Federal

about 0.2 per cent, but this would be a recovery from the May decline of 1.2 per cent and more attention is likely to be shown to Friday's employment data. It is generally forecast that the rise in July non-farm payrolls will he less than the June gain of 180,000, indicating that economic growth is slowing.

FFr6.2725 from FFr6.3150. On Bank of England figures, its index declined to 68.4 from 68.8.

Sterling was steady overall, with its exchange rate index closing unchanged at 92.7. It has been suggested that the UK anthorities wish to cap sterling at around DM3.12, and this was probably the reason

A level of Y135.50 is seen as A level of Y135.50 is seen as a strong support point for the dollar. It briefly fell below that point in Tokyo, but soon bounced higher and generally remained above Y136.00 in European trading, before closing at Y136.10 in London company with Y126.75 on Theselay ing at Y136.10 in London compared with Y136.75 on Tuesday.

Significant support at DM1.8550 against the D-Mark from DM3.0850; to SF72.6600; and to has been brokan, but the dollar showed no sign of establishing a level below DM1.8500 yesterday. It closed at DM1.8515, against DM1.8650 previously. The dollar also fell to SF71.5920 from SF71.6075 and to unwound.

closing unchanged at 92.7.

It has been suggested that the UK anthorities wish to cap sterling at around DM3.12, and this was probably the reason. this was probably the reason fins was probably the reason for unfounded reports on Tuesday that the Bank of England had sold the pound against the D-Mark. The Government's anti-inflation policy would not be helped by a lower pound, hut nevertheless the pound maintained a soft tone against the D-Mark. It fell to DM3.0800 from DM3.0850: to SFT2.6475

EMS E	UROPE	AN CUR	RENCY	UNIT RAT	res
	Ecs central rates	Currency amounts against Ecu Aug.2	% change from central rate	% change adjusted for divergence	Olvergence (unit %
Beiglan Franc Darish Krone German O-Mark French Franc Dutch Guldder Irish Punt Litalian Lira Spanish Pepela	42,4582 7,85212 2,05853 6,90403 2,31943 0,768411 1483,58 130,000	43.4361 8.05958 2.07435 7.02789 2.33987 0.777892 1491.77 130.123	+2.30 +2.64 +0.77 +1.79 +0.88 +1.23 +0.55 +0.09	+1.06 +1.40 -8.47 +0.56 -8.36 -0.01 -6.08	±15424 ±1.6419 ±1 1019 ±1 3719 ±1.5019 ±1.6689 ±4.0815

POUND SPOT- FORWARD AGAINST THE POUND									
Aug.2	Day's spread	Close	One month	% p.a.	Titree meaths	% p			
ada	1.6610 1.6660 1.5510 1.9565 3.461-3.475 64.30 64.50 11.440-11575 3.074-3.081 227-22-256.75 172.10-193 60 2209-22161 11.314-11.33 10.431-10.544 226-2274 22	16430 1.6640 1.9570 - 1.950 3.464 - 3.474 64.40 - 64.50 11.96 - 11.94 13.074 - 3.084 227,40 - 256.40 192,15 - 192,45 221,24 - 221,34 10.44 - 10.554 20.22 - 227 226 - 227 226 - 227 246 - 2.165 2644 - 2.654 1.6940 - 1.4850	0.75-0.72-pm 0.24-0.15-pm 2-13-pm 31-27-ym 0.40-0.35-pm 13-13-pm 2-24-pm 24-21-pm 24-21-pm 24-21-pm 24-21-pm 24-21-pm 24-21-pm 24-21-pm 24-21-pm 24-21-pm 24-21-pm 24-21-pm 24-21-pm 13-13-pm 13-13-pm 13-21-pm 13-21-pm 13-21-pm	5.30 1.25 6.49 6.90 7.62 3.07 -1.62 4.75 6.45 7.07 7.07	222-218cm 084-0.70cm 54-54-6m 88-82cm 14-13-4cm 12-0.1.00cm 58-144-6s 12-2466 12-3466 12-3466 12-3466 12-3466 12-3466 33-34-46cm 32-3166 44-44cm 169-155cm	528 528 5469 5469 543 523 541 544 643 643			

Aug.2	Only's spread	Close	One month	%. 0.4,	(Three months	pa.	
JKt	1.6610 - 1.6660	1,6630 - 1,6640	0.75-0.72cpm	5.30	2.22-2.18pm	5.2	
retandt	1.4380 - 1.4430	1,4410 - 1,4420	0.15-0.10com	1.04	0.55-0.45pm	13	
anada	1.1720 - 1.1765	1.1750 - 1.1760	0.39-0.42mls	-4,14	1.08-1.1384	-3.7	
letherlands.	2.0815 - 2.0905	2.0870 - 2.0880	0.25-0.29cpm	1.38 0.25	0.69-0.65pm	1.2	
Belgium	38.65 - 38.80	38.70 - 38.80	1.50-parpen	0.26	2.50-parpm	0.1	
Demark	7.18-7.20	7.19-7.195	0.15-0.40oredls	-0.45	1.10-1.50dh	-8.7	
V. Germany	1.8465 - 1.8535	1.8510 - 1.8520	0.27-0.25ofpm	7.51	0.72-0.69pm	1.5	
ortugal	255.00 • 155.25	155,10 - 155,20	60-90cdls	-7.EL	250-300dts	-7.0	
palq	115.90 - 116.25	11A.10 - 116 20	48-58cd/s	-5.48	155-165dh	-5.5	
taly	1328 - 1332 5	1330 - 13301	4.70-5.20 rests	-4.46	13.50-14.20db	-4.1	
lorway	6.795 - 6.815	6.804 6.801	1.35-1.60oreds	-260	4.65-4.95dk	-2.8	
rance		6.27 - 6.27 2	0.25-0.30cds	-0.53	0.95-1_10db	-0.6	
4000		6.334 - 6.34%	1.66-1.81ore#s	-3.28	5.00-5.25db	-3.2	
apari		136.05 - 136 15	0.42-0.40pper	-3.28 3.61	1.09-1.06pm	3.1	
estria	13.00 - 13.04%	13.025 - 13.03	1_30-0_50 proper	0.83	3.00-1.30pm	0.6	
witzerland .	1.5875 - 1.5960	1.5915 1.5925	0.22-0.19020	1.54	0.62-0.58	1.5	
CU	1.1180 - 1.1220	1.1200 - 1.1210	0.07-0.05cpm	0.67	0.26-0.2424	0.9	

Anstria 1 Switzerland 1.5	3.00 - 13.044 875 - 1.5960 180 - 1.1220	13025 130 15915 159 11200 112	3 1.30-0.50 25 0.22-0	19cm 15	300-13	Open 0.6
Commercial rates prensums and disc transa, Financial	nexts apply to t	ie US dolkar au 15.	d and to the led	Iridual corresc	. Belgian rate	inoxy, Fermi is for conserui
Aug.2	Short term	7 Days notice	One Month	Three Months	Sta Months	Ose Year
Sterling	81.85 14.13 71.7 71.7	134-13H 64-85 125-125 74-7 75-75 7-63	135-134 64-63 124-124 74-63 68-68	134-135 84-84 124-114 74-63 7-64	134-134 81-81 115-113 11-7 63-64	134-194 84-8 112-114 74-7 64-64 63-68

		EX	(CHA	MGE	CRC)SS	RATE	5		
Aug.2	2	5	OM	Yen	F Fr.	5 Fr.	H FI.	Lira	C5	B Fr.
£	0.601	1.663	3.060 1.852	226.5 136.2	10.43 6.272	2.647 1.592	3,472	2212 1330	1.957 1.177	64.45 38.76
DAA YEN	0.325 4.415	0.540 7.342	13.60	73.54 1000.	3.386 46.05	0.859 11.69	1127	718.2 9766	0.635 8.640	20.9 284
F Fr. 5 Fr.	0.959 0.378	1.594 0.628	2953 1.164	217.2 85.57	10 1940	2.538 . 1	3.329 1.312	2121 835.7	1.87b 0.739	61.74 24.3
H FL Ura	0.288 0.452	0.479 0.752	0.887	65.24 102.4	3.004 4.715	0.762 1.197	1.570	637.1 1000.	0.564 0.885	18.5 29.1
CS 8 Fr.	0.511 1.552	0.850 2.500	1.574	115.7	5.330 16.18	1.353	1.774	1130	3.036	32.9. 100

FT LONDON INTERBANK FIXING

bid 82 offer 82 rest one-simeorth, of the bid and offered rates for S1Dro each worklop day. The banks are National Westminster e Paris and Morgan Guaranty Trust.

	N	IONE	RAT	'ES		
NEW YORK			Treasury	allis and i	Bonds	
Luncht.ime Prime rate	105 94 83	ine month		7.92 Four; 7.93 Flor; 7.75 Seren 7.64 10-re		
Aug.2	Oversight.	One Mosth	Two Months	Three Months	Str. Months	Lombard
Frankfurt	6.85-6.95 94-94 64-64 7.06-7.18 54-5-4 12-12-2 7.35 94-94	6.80 4.95 83-9 63-74 7.05-7.15 53-53 122-13 83-83 93-93	6.80-6.95 81-9 911-911	6.80-6.95 63-7 7.00-7.10 54-53 124-13 84-83 94-10	6.80-6.% 81 ₄₋₉	7.00 8.75

LONDON MONEY RATES											
Aug.2	Overnight	7 days notice	One Month	Three Months	Six Months	One Year					
erbank Offer erbank Biderlins CDs	131 11	131	וננ נונו נונו	ניניני	לבו בו ב	131					
cal Authority Deps cal Authority Bonds	135	135			13.4	133					
mpany Deposits	1311	131		12111111111111111111111111111111111111	12.8	12.					
unce House Deposits . easury Bills (Buy)	-		131	131	强	最高					
nk Silis (Buy) ne Trade Silis (Buy)	-	-	135	138	N138	=					
R Linked Dep Offer	-	=	144 8.53 84 84	8,35	8.20	8.05					
R Linked Dep 8ld U Linked Dep Offer	=	=	83	81	87	84					
U Linked Dep 8id	-	-	91	91	94	98 98					

discount 13.2762 p.c. ECGD Fixed Rate Starling Export Finance. Make an day July, 31, 1989. Agreed retay for period August 26, 1989 to September 23, 1989, Scheme 11.4.80 p. Scheme 18, 118; 15.23 p.c. Reference rate for period July, 1 to July, 31, 1989. Scheme IV&V. 13.984 p.c. Local Authority and Finance Houses serve days notice, others seven days fixed. Finance Houses Base Rate 14½ from August 1, 1989; Bath Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit Ed.100,000 and over held under one month 9½ per cent, one-twee months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; production of the seven days of the Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES

US Treasury bonds retreat

pfennigs lower.

A SHARPER than expected rise of 5.5 per cent in June US new home sales added to bearish sentiment surrounding US Treasury bond futures yesterday. A rise of 0.4 per cent in June US factory orders was in line with expectations and did not cause much reaction. not cause much reaction, although it was much stronger than the May fall of 2.6 per

Cent.
US bond futures suffered

550,000	Min of 1	FUTURES 84%	OF 1 June	
5trice Prior 93 94 95 96 97 98	Sep 3-41 2-43 1-49 1-01 0-30 0-11 0-04	0ec 1-50 2-63 2-18 1-43 1-12 0-51 0-13	Sep 0-03 0-03 0-03 0-03 0-03 1-03 2-03 1-03 2-03	Dec 0-18 0-31 0-50 1-11 1-44 2-19 3-01

A09 15.40 11.40 6.40 1.96 0.20 0.00 PHS 000 000 0.04 0.81 4.65 8.85 13.81 56 14.40 11.40 6.40 2.88 1.02 0.05

LONDON (LIFFE) %-25 %-15

Estimated volume 13700 (18135) Previous day's open int. 31109 (30870)

US TREASURY BONDS 8% \$100,906 32mb of 180%

91.78 92.18 92.28 92.28

93.48 93.48 93.59 93.59 ZSZJ.0 ZSZ4.0 ZSG5.0 ZSG6.0 ZSG4.5 ZSG5.0 ZSG5.0 ZSG4.5

Estimated volume 2725 (3181) Previous day's open inc. 19328 (19881) POUND-S (FOREIGN EXCHANGE) 1-mth. 3-mth. 6-mth. 12-mth. 16562 16415 16212 15885 Latest High Low 1.6514 1.6524 1.6512 1.6310 1.6310 1.6300 1.6120 1.6120 1.6120

		%		%	*
	ABA Back	14	Ordestale Bank		Nat Westmissler 14
٦	Adam & Company	14	Corner, Bk N. East	14	Northern Bank Ltd 14
	AAB - Allied Arab Bk		Co-operative Bank		Norwich Ges. Trest 14
	Allied trist Back		Courtts & Co	14	PRIVAThanken Limited . 14
	Herry Ausbacher		Cyprus Popular Bit	14	Provincial Bask PLC 15
	Associates Cap Corp		Durchar Bank PLC	14	R Raphael & Sons 14
	Anthority Bank	14	Durcas Laurie		Rochergie G'rastee 146
•	8 & C Merchant Bank	14	Equatorial Bank plc		Acres Six of Scotland 14
	Bank of Baroda	14	Exeter Trest Ltd.	145	Recal Trest Bask
	Sanco Bilban Viscaya	14	Fixancial & Gen. Bank		Scritth & Williamse Secs 14
	Bank Haposifies	14	First National Bank Pic.		Standard Chartered 14
	Back Credit & Corres		Robert Fleming & Co		TSB 14.
	Bank of Copyrus	14	Robert Fraser & Ptors		United Bk of Kewait 14
	Bank of keland	14	Girotsaek		United Mizrati Bank 14
	Bank of India	14	Guirress Makes	14	Vally Trust Back Pic 14
	Bank of ScotLand		HFC Bask pic	14	Western Trest
	Barrowe Befge Ltd		Hambros Bank	14	Westpac Bank Corp 14
	Bardays Bask	14	Heritable & Ges low Bets		Whiterany Laidlaw 14
	Beachmark Bark PLC_	14	● Hill Sameel		Yorkshire Bank 14
	Bertiner Bank AG	14	C. Hoare & Co		
	Beit Ble of Mid East		Hoogkong & Sharigh	14	
	Brown Shistry	14	● Leopold Joseph & Sens _	14	· Members of Brilish Merchan
	Basises Mitge Tst	1412	Lkryds Bank	14	Backlog & Securities House
	CL Bank Hederland	14	Heghraj Bank Ltd	14	Association. " Deposit new 5.99
_	Central Capital	14	McDossell Doegles Bolt	14	Sanwise 8.5%. Top Tier-£10,000
•	Charterhouse Bank		Midland Bank	14	Instant access 12.8% & Mortgag
	Cithart NA		Massi, Banking	14	base rate. § Demand deposit. 9%
	City Merchant's Bask	14	Nat Dic of Kewalt	14	Mortgage 13.25% - 15%

Short aterling futures remained quiet, with trading at a modest level on Liffa. The highest level touched by the

day's sharp gain which took September delivery up to a two-year high. The contract was largely regarded as over-bought and expensive at its present level. It fell to a low of 99-28 on Liffe, before rallying September contract was 86.40. equal to Tuesday's close. It traded in a narrow range -showing no reaction to yesterslightly to close at 100-02.
One trader remarked that hond futures at the present level are as good a buy as the dollar when it stood at DM2.00 and the dollar is now about 15 day's announcement of a rise in July UK official reserves and hit a low of 86.32. The contract finished at 86.38, little changed from its open level of 86.36 or the previous close.

LIFFE US TREASURY SOND FUTURES OFTIMES Pots-5-0.03 0.04 0.30 0.43 1.06 1.52 Estimated volume total, Calls 237 Pags 425 Previous day's open lat. Calls 31E7 Pags 3738

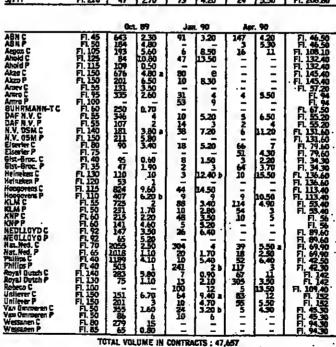
LIFFE ENROGELAR APTERS Sec. 15.00

Estimated volume total, Calls 80 Pots 0
Provious day's open int. Calls 6063 Pots 6483 PHILADELPHIA SE LIS OPTIMIS £77,250 looks per £1)

CHICAGO SWISS FRANC MAIO ST: 125,800 S per SF:

EUROPEAN OPTIONS EXCHANGE
 Vol
 Last
 Vol
 Last
 Vol
 Last

 \$370
 104
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 2
 15
 - - 17.50 14 10.50 7.80 3.60 48 118 196 25 128 102 115 10 28 7.90 4.60 1.50 0.40 0.40 0.70 0.70 0.50 85773064750775745138484T 11.20 6.30 1.70 5.20 7.20 3.80 3.50 5.30 2.60 2.60 1.20 4.20



	%		%		6
164 Saek	14	Opiestale Bank		Nat Westwiester 1	Ā
Adam & Company	14	Cornes Elk N Fast		Northern Bank Ltd 1	A
AAB - Allied Arab Bk	14	Co-operative Bank	74	Norwich Ges. Trust 1	A
Allied Irish Back		Courts & Co	14	PRIVATEARKER Likelited . 1	
lery Assecter		Cyprus Popular Bit	14	Previocial Bask PLC 1	5
Associates Cap Corp	14	Durbar Back PLC	14	R. Raphael & Sons 1	
Anthority Bank		Durcas Lawrie		Rosburgie G'rastee 1	45
8 & C Merchant Bank	14	Equatorial Bank ptc		. Agral Sk of Scotland 1	4
Bank of Baroda		Exeter Trust Ltd.			4
Banco Bilbao Viecaya	14	Fisancial & Ges. Bank		Smith & Williamse Secs 1	
Bank Happafva	14	First Mational Bank Pic.		Standard Chartered 1	
Back Credit & Corres		Robert Fleming & Co		TSB 1	4.
Bank of Copyrus		Robert Fraser & Ptors			4 -
Bask of keland	14	Girokaek			4
Bank of India	14	Guttyress Makess	14	Vally Trust Back Ptc 1	4
Bank of ScotLand	14	HFC Bask pic		Western Trest 1	4
Barrouse Before Ltd	14	Hambrus Bank		Westpac Rank Coro	4
Bardays Bask	14	Heritable & Ges lov Bek	14	Whiterest Laidlett 1	A' .
Benchmark Bark PLC _	14	Hill Samuel		Yorkshire Bank	۸.
Bertiner Bank AG	14	C. Hoare & Co.	14		
Brit Bk of Mid East	14	Hoogkong & Shangh	14		
Brown Shipley	14	Leopold Joseph & Sens	14	. Messlers of Brilish Merch	æi.
Basisess Mitge Tst	145	Likryds Bank		Backing & Securities Hou	525
Ct. Bank Nederland	14	Meghraj Bank Ltd	14	Association, " Deposit, new 5.9	٧,
Central Capital	14	McDossell Doeglas Belt	14	Sarrise 8.5%. Top Tier-£10.0	ЭĎ-
Charterhouse Bank	14	Widdard Bank	14	Instant access 12.8% & Morts	28
Citibant NA.	14	Mount Banking	14	base rate. § Demand deposit 9	4
City Merchants Back	14	Kat Ple of Keepalt	14	Mortgage 13.25% - 15%	
					•
City Merchanis Bask	14	Kat Els. of Kewalt	14	Mortgage 13.25% - 15%	

SHEFFIELD

The Financial Times proposes to publish this survey on:

8th September 1989

For a full editorial synopsis and advertisement details, please contact:

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FINANCIAL TIMES

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27 67 59 11.0 12.0 14.7 . 74.7 . 7.6 58 Jackson Group (SD) 6.2. 7.4 28 15.0 6.9 5.3 4.0 12.4 3.2 10.1 9.4 ... 2.6 11.2 7.3 ... 5.6 9.4 4.8 28.1

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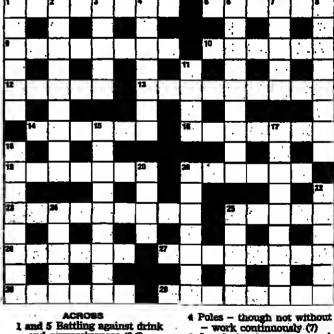
Sep. 1935/1944 +17 Sep. 2322/2332 +22 Sep. 2658/2670 +9

Prices taken at 5pm and change is from previous close at 9pm

JOTTER PAD

CROSSWORD

No.7,002 Set by FRESCA



1 and 5 Battling against drink and aggressiveness (8,6) 9 Refrigerating equipment seen in bed (6)

seen in bed (6)

10 A record in one for Italian troops (6)

12 Baing ungentlemanly enough to reveal unpleasant material (5)

13 Assembled by model wedding painter? (9)

14 Large amount of work taken on by puppet (6)

16 Flowar – damnre and acceptable to the French (7)

19 Bring honour and glory to Ben and Noel's association (7)

21 Having a high IQ of 150?

21 Having a high IQ of 150?

Aye! (6)

23 Setting off with printer's measure, rod and ruler (9)

25 Beginning to be heard in

sleeping to be heard in sleeping quarters (5)
26 Silly misprint involving Dante's first poems (6)
27 Dollars recently stolen to provide ammunition (8)
28 Goes off with redhead in old-fashioned underwear (6)
29 Man takes trips round centre of Edinburgh and Western Isles (3) ern isles (8)

DOWN

DOWN

1 and 18 Perks from Berne
— fine gifts needing some
attention (6.8)

2 Novice's brass instrument
affected by verdigris (9)

3 Material pushed up in bell
utterly sound-proof (5)

THROUGH DONATION
REVEN WESO
ADTRIBUTE TOURT
NRUTH STRAIGHTEN
STEM STRAIGHTEN
STRA

6 Land having least col-our - in English! (3) 7 Advance to rear? (5) 8 Court exhibits cake with

experimental covering (8)
Bear up, band! (4)
Extremely likely to contain
Braille characters in abundance.

dance (9)
Shifting dune in which soil is brought to light (2)

18 See 1
20 Rest, getting up around five
— is that so wicked? (4)
21 Mysterious clue covering an attempt to find outer garment (7)
22 Extra-terrestrial hits out

about sea-goddess (6).
24 Noble old Russlan beast pierced by youthful leader

25 British minister or financier

with no name (5) Solution to Puzzle No.7,001

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*GT 5 1989

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WORLD STOCK MARKETS

AUSTRIA FRANCE (continued) GERMANY (continued)	TALY (continued) SWEDEN	
August 2 Sch + er - August 2 Frs. + er - August 2 Brn. + er	America 2 Line + or - America 2 Kroser + or -	CANADA Series Stock High Low Close Charg Sales Stock High Low Close Charg Sales Stock High Low Close Charg Sales Stock High Low Close Charg
Secretarial 18-00	Sessigno	TORONTO Jam prices August 2 Causaleur in own winds anatos 5 Causaleur in own winds anatos 6 Causaleur in own winds anatos 6 Since State 1 2014 1
August 2 Kr + or Period Ricard 1,450 14 Vels 323.7 -0.3	North Data A	NEW YORK DOW JONES Aug. July 1989
Deep Darche Bank 395.6 41.6 24.5 25.8 24.5 25.8 24.5 25.8 2	SPAIN America Americ	Aug July 31 July July 1989 Since compilation 1 31 28 Whigh Low High Law High High Law High
JAPAN August 2. Yes + er August 2 Yes + as	AUSTRALIA (continue) August 2 · Yes · + ar · Tabay Surp 1949 1-1 August 2 · Aust\$ + ar · Tabay Surp 1949 1-1 August 2 · Aust\$ + ar · August 3 · August 4 · August 3 · August 5 · August 4 · August 6 · August 5 · August 7 · August 7 · August 7 · August 7 · August 7 · August 7 · August 8 · August 8 · August 8 · August 8 · August 9 ·	Mese Verit
All Rispon Air 1, 950 460 1, 950 1, 950 460 1, 950 1,	Talzach 1949	Canada C
Compai Pictures 2,000 650 Constituent 1,000	Toyoda Ant Louis 2440 -10 HONE KONE Toyoda Ant Louis 985 +13 Amerit 2 SLKS + or -	TOKYO - Most Active Stocks
Dail Hippen Pigs 2,500 40 50 50 50 50 50 50	UBE lask	Stocks Closing Change Traded Prices on day Neppon Steel 29, Im 855 5 NOK 11,00m 865 + 3 Tokyo 15,4m 1,570 - 50 Shimteu 10,2m 1,120 - 20 Neppon F & M 12,4m 1,390 + 20 Mrt Line 10,2m 1,200 + 20 Neppon F & M 12,4m 1,390 + 20 Mrt Line 10,2m 1,200 + 20 Neppon F & M 1,540 8 Tokyo Gas 9,7m 1,200 + 20 Tokyo Gas 9,7m 1,200 + 20 Traded Prices on day Tra
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FINANCIAL TIMES

WORLD STOCK MARKETS

Recession fears allayed by bullish economic news

Wall Street

THE RELEASE of two sets of economic data, which were more bullisb than expected, belped pusb industrial stocks narrowly higher in heavy trad-ing, writes Karen Zagor in New

At 2 pm the Dow Jones Industrial Average was up 7.97 at 2.649.09. Volume was moder-ate with 132.6m shares changing bands. Advancing issues had an edge on those declining

Among other major market indices, the Standard & Poor's 500 index was down 0.37 at 343.38 while the NYSE Composite was down 0.12 at 191.26 at 1

pm.
Wall Street was encouraged
by the release of factory goods
orders and new bome sales
orders and new bome sales data, both of which posted higher than expected gains, allaying stock market fears of

Factory goods orders increased 0.4 per cent in June, slightly above the 0.3 per cent expected by the market. Durable and non durable good orders also posted gains. Sales of new single family homes were also stronger than

expected with a 5.5 per cent increase in June. The figures were less bullisb for the debt market, where the Treasury's hellwether 30-year bond traded in a narrowly mixed range through the early afternoon. At midday, the long bond was up h to yield 7.84 per cent. The Federal Reserve executed overnight matched sales to drain liquidity from the system when Fed Funds, the rate at which banks lend to each other, were at 8½ per cent.

The economic data had little impact on the dollar, which at

impact on the dollar, which at mid-day rose slightly to Y136.25 and DM1.8510 from Y135.90 and DM1.8505 in late New York Trading on Tuesday.

Both stock and bond mar-

kets market are now focusing on the release of July's employ-ment figures tomorrow. Analysts expect an increase in non-farm payroll employment of 100,000 to 150,000.

Avon Products jumped \$1 to \$36% in active trading after the company said it had received a takeover offer by Mr Irwin Jacobs at \$41 a share. Avon's board will consider the pro-

posal today.

The Travellers insurance group fell \$1/2 to \$43 1/2 despite a return to profit, after a loss

Amax fell \$% to \$25. The diversifed natural resources group said it had reached an agree-ment to acquire Falconbridge, the large Canadian metals mining company, in a deal worth about US\$2.4bn.

JP Morgan, the New York brokerage bouse, added \$% to \$41% on plans to cut its work force by 10 per cent. Midway Airlines gained \$% to \$17%. The fast growing Chicago domestic airline company said it would buy two Canadian routes, aircraft, facilities, flight alots and spare parts from Eastern Air Lines for \$210m. Texas Air, the parent of strife-ridden Eastern, dropped

\$% to \$15%.
Toys "R" US fell \$% to \$31 in spite of reporting improved second quarter earnings. The Paramus, New Jersey, com-pany said net income for the quarter was np 13 per cent to USX, the big oil and gas pro-

ducer, said it expected sales to fall in the second half; its shares lost \$% to \$34%. Among blue chip issues, IBM fell \$% to \$114%. The popular Philip Morris stock gained \$1%

Canada

MINING stocks rose sharply in Toronto on a C\$2.8bn takeover bid by Amax for Falconbridge. Other groups were mixed to steady, and the composite index rose 20.90 to 3,984.70 at

Falconbridge jumped C\$6% to C\$36% and Noranda, which holds 24 per cent of Falcon-bridge, gained C\$% to C\$25%. Among other actives, Cana-dian Pacific, the sobject of takeover speculation in the past few weeks, rose C\$\% to C\$27\%.

Record highs abound as FAZ breaches 650

THE CONTINUED surge in Frankfurt took the FAZ index through another key barrier and the rest of Europe was peppered with records, writes Our Markets Staff. FRANKFURT climbed to fur-

ther year's highs in very heavy trading, encouraged by the continued weakness of the dol-lar. The advance was curtailed, however, by the arrival of profit-takers following Tuesday's

strong rise.
The FAZ index pushed through the 650 level, rising 487 to 654.69, its highest since October 5, 1987. The DAX index added 8.44 to another high this year of 1,587.35, after reaching 1,597.88 earlier. Turnover was

very active at DM7.9bn.
Big chemical stocks benefited from the attentions of domestic buyers, while steel issues held on to the previous day's rises after recent heavy selling hy UK investors. In chemicals, Bayer rose DM220 to DM304 and Hoechst DM4.70 to DM300.50, while in steels Hoesch gained DM2 to

Daimler surged to DM814 before closing at DM806, up

SOUTH AFRICA

PERSISTENT belief that the bullion price was set to rise hslped Johanneshurg gold stocks make strong gains and the gold index reach a year's high. Continued investor confidence, particularly in select quality issues, also supported industrial issues.

DM16. As expected, the federal monopolies commission said it would approve the company's plan to take over MBB, although with certain conditions which Daimler later

stinution which Daimler later rejected.

Siemens picked up DM4 to DM617.50 after the UK cleared the way for the electronics group, together with GEC, to make a new bid for Plessey.

Bremer Vulkan, the shipping company, added DM4 to DM132 after Tuesday's news that it was involved in negotiations over e huge order from the Soviet Union for cargo ships.

MILAN made a record close as interest in banking stocks continued, and in spite of Tuesday's report that consumer price inflation was still growing at a brisk 7 per cent in July. Most shares continued higher in lively trading in the

higher in lively trading in the after-market. The Comit index closed at 685.31, up 2.2.

Montedison was among the few to go against the trend, closing L26 lower at L2,419 on news that charachelders will

news that shareholders will not receive preferential rights to the initial public share offer-ing by Enimont, Montedison a

joint venture with state-owned : Enichem, which is expected in

September.
The banking sector continnes to be encouraged by
reports of restructuring

reports of restructuring operations, as Italian banks ready themselves for international competition after 1992.

ZURICH also hit a high after Tuesday's holiday, in a session marked hy indifference and profit-taking early in the day and strong buying at the end.

Swissair bearers rose SFr75 to SFr1.250 and its registered shares by SFr40 to SFr1.000 after Tuesday's news of higher first half gross profits.

AMSTERDAM climbed to its third consecutive record this week in strong turnover worth FI 962m, with interest focusing

FI 962m, with interest focusing selectively on financials and market laggards. The CBS allshare index rose 0.3 to 201.6.
"The main feature on tha

market is the interest from both foreign and domestic investors in interest rate sensitive stocks such as banks and insurers," said one analyst. NatNed rose F11 to F169.90 in turnover of Im shares, com-pared with about 400,000 nor-

mally. Amro Bank was up f11.40 at F194. Steel stock Hoogovens added F11.60 to F113.40 after a dull performance over the past cou-ple of days. Philips gained 30 cents to F142.30 after the

acquisition of Island Records by its PolyGram unit. by its PolyGram unit.

PARIS took a pause, with shares little changed and volume slightly lower, following Wail Street's overnight losses and the market's climb to a row of record highs. A weaker bond market also held equity investes hear.

investors back.

The CAC General index, based on opening prices, edged to a peak of 505.9, up 1 from Tuesday's figure and 0.2 from the previous record on Monday. But the OMF 50 index closed yesterday off 0.79 at 514.72 and the CAC 40 was just the OMF and the CAC 40 was just the off of 1.59 54 Volume was

514.72 and the CAC 40 was just steady at 1,829.54. Volume was estimated at a little under FFr2bn, after FFr2 2bn the previous day.

LVMH rose FFr6 to FFr4.299 after a 25 per cent rise in first half turnover, the stock has climbed sharply in the past few days on expectations of good figures, after underperforming

during the second quarter. Midi shed FFris to FFri 421 as profit seking followed a good performance on the back of Generall's collaboration plans with the Aza-Midi group. Motor component maker Labinal rose FFr60 to FFri 270 after higher first half sales.

BRUSSELS rose strongly for the third consecutive day, pushing the cash market index over 6.200 for the first time; it gained 17 points to 6.208.77.

The star performer was the energy holding company. Sofina, which gained BFr628, or 6.4 per cent, to BFri3.750 as an abnormally heavy 3,750 shares changed hands; the stock was seen as undervalued.

STOCKHOLM scored its eighth consecutive all-time.

STOCKHOLM scored its eighth consecutive all-time high as the stock exchange said that trading fell to unusually low levels in July. The Affärsvärlden General index rose 4.6 to 1,317.2, boosted by gains in the forestry sector.

MADRID rose again, but in thin volume worth about \$60m. Shares were steady until the banks were quoted, but gains in this sector pushed the general index up 0.68 to 306.40.

ASIA PACIFIC

Hesitancy leaves Nikkei barely changed

Tokyo

CAUTION kept a lid on huying enthusiasm, and a strong advance in early trading which pushed the Nikkei everags through 35,000 for the first time could not be sustained, writes Michigo Nakamoto in Taken

After opening slightly weaker, share prices moved up in early trading as broad-based buying sent the Nikkei average over 35,000 hy the close of the morning session. Later, however, profit-taking and concern over the fast pace of the rise in share prices undermined the share prices undermined ths marker's strength and the Nik-kel finished hardly changed from Tuesday et 34,899.34, up a

meagre 0.88 points.
The day's high was 35,015.93
while the low was 34,851.25.
Advances led declines by 476 to 428 and a further 188 issues were unchanged. Turnover increased to 817m shares from the 752m traded on Tuesday. The Topix index gained 5.62 to 2,633,24; in London trading, the ISE/Nikkei 50 index edged up

In spite of the yen's rebound gainst the dollar and falling US interest rates, investors were still hesitant to support the market after its recent rapid rise. Even the Topix index, which is much more

broadly based than the Nikkei, has been at record levels in the past week or so.

The signs of wavering confidence were evident in the volume level, which has not breather than the past wavering confidence were evident in the volume level, which has not breather than the past than the past of the problem. breached 1bn shares since last Thursday, and in the profit-taking that quickly followed

the good run.

The strong surge in the yen, which should have been good news, was met with some suspicion as investors were wary of trusting a sudden change in

currency markets.

Yesterday's initial rise was ettributed to huying of laggards from index funds. Among those targeted were non-life insurance companies such as Yasuda Fire and Marine, third on the volumes list with 14.6m shares traded and rising Y20 to Y1,550. Tokyo Gas, another laggard,

rose Y20 to Y1,200. The company also attracted attention on the strength of the property it owns along the Tokyo Bay.

Gains in interest-rate sensitive issues and lagging pharmaceuticals supported a 76.72 point rise in Osaka. The OSE average closed at 34,182.89 and volume improved to 71.2m shares from 64m. shares from 64m.

Roundup

AN UPWARD tendency in Asia Pacific markets yesterday was marked by offshore support, and the influence of falling interest rates.
AUSTRALIA carried on ris-

ing with overseas buyers on feed, despite a surge in the Australian dollar. Blue chips and some second-line stocks went better, said Mr Will Jones, of JB Were, "Buyers have been looking for atocks with a decent yield," he said: "they started at the top end of the market in tha well-traded stocks; now they're moving down in size."

The All Ordinaries index gained 6.3 to 1,644.9 in turnover

up from A\$182m to A\$226m.

Two rising miners were CRA
and Bougainville. The latter, owned as to 53.6 per cent by CRA, jumped 17 cents to A\$2.13 after e decision to begin repairing damage caused by sabotage at its copper mine in Papua New Guinea: CRA gained 26 cents to A\$9.98, boosted also hy

this week's quarterly produc-tion figures showing strong iron ore shipments by its Ham-ersley Iron subsidiary.

NEW ZEALAND hit its high-est levels since February, with the Barclays index 44.65 better at 2,028.44 on falling domestic market interest rates and the stronger Australian market.

Turnover climbed to NZ\$31m from NZ\$13m on Tuesday.
HONG KONG again failed to break the 2.600 level, the Hang Seng index edging up 3.87 to 2,582.83 in turnover down from HK\$1.31bn to HK\$1.17bn, Mr Peter Bristows of Hoare Govett said that this lack of momen-tum might be because of over-seas profit-taking. On the plus side, there were expectations of a local prime rate cut tomor-LOM.

Irish actor stars on financial stage

Kieran Cooke meets a Dublin broker who starts the day with a joke



BROKERS' WORLD

TRUE story. Some time ago a German was in court in Dublin, giving evidence in a relatively minor case. He had little English. The judge, frustrated by time-wast-ing misunderstandings, asked if anyone in court could translate. A hand shot up at the back. A young man came forward. "Let's start from the beginning," said the judge. 'Ask him what his name is

"Vat is your name?" said the young man. Uproar in court. The German was baffled. The young pseudo translator was fined for contempt. Hugb O'Donnell, Dublin

stockbroker extraordinaire, told the story to a fellow broker in Frankfurt. He admits it lost a little of its comedy in transmission. Mr O'Donnell likes to introduce humour into the financial

world. "First thing on the screen in the morning, I usu-ally try to brighten things up with a joke to colleagues in London, Paris, Amsterdam or wherever. Or it might be a bit of iambic pentameter or a slice of Shakespeare to say how the market's going." Mr O'Donnell, 41, was one of

four founding members of Riada, the Dublin stockbrokers, Il years ago. The company is now one of the four main players in Dublin. However, his main passion



in life is the stage. He has appeared in several productions in Ireland and overseas. Two years ago he put on a one-man show on the Fringe at the Edinburgh Festival. The show, called "Saints and Sinners," was an adaptation of the writings of several Irish playwrights and had good reviews.

Mr O'Donnell has been in broking since he was 18. Before belying to set up Riada he was

helping to set up Riada, he was gilt fund manager for the Irish Life Insurance Company. He is mainly involved in trading government stocks. "Duhlin has matured a great deal and is now a very sophisticated mar-ket. There was a time when you could stroll to your desk at 9.30 am and leave at 5 pm. No

He arrives at his central Dublin office at 7.30 am, reads the theatre reviews and then concentrates on the market. There could be anything up to I£150m (\$215m) of government stocks traded in a day. The West Germans have shown growing interest in the Irish market. We are also doing a lot of German stock trading for

Irish clients.

Hugh O'Donnell (right, in 'Noonday Demons' by Peter Barnes) O'Donnell studies the script for his next play. Each year he either produces or acts in three

or four productions. A rehearsal is often squeezed in at lunchtime in a nearby office. "Though trading here is a very serious business, Dublin still manages to be informal. Every-

one knows everyone else."

Mr O'Donnell seeks to join, rather than separate, life on the stage and sitting in front of the computer screen. Recently he put on a production of "The Nerd" by the American comic writer Larry Shue. "I moulded e character to fit someone in the financial market here. All the financial people came along and we had a prize for guessing who it was that was being portrayed."

He finds brokers in other centres usually respond when humour is introduced into the tense business of gilt dealing. We sit in front of screens or shout down the phone, but personal contact and just getting on with your opposite number

is still very important."
He says foreign brokers like coming to Dublin. "They find it informal and always have e good laugh here." Riada is now



close contact.
Mr O'Donnell has persuaded some fellow hrokers to become involved in a theatre project he is developing in central Dublin. An old warehouse is being converted into a 200-seat theatre which, it is hoped, will open later this year. "I said to six of my colleagues that if they can make money in gilts then they can make it in the theatre. I don't think they really helieve

me, but we'll see.' The next idea is to raise venture capital for a film production company. Mr O'Donnell feels there is great talent and creativity in Ireland waiting to be tapped. "Dealing rooms in London are full of Irish people. They are good at their job. They are also good on stage." Between gilt trading, super-

vising theatre building and rehearsals, there is little time for much else in Mr O'Donnell's crowded schedule. Luck-ily, his wife is an actress and two of his four children appeared in his last play.

This article is the fifth in a weekly summer series.

This announcement appears as a matter of record only

PETRÓLEOS DE PORTUGAL

U.S. \$200,000,000

Eurocommercial Paper and Euro Medium Term Note Programmes

Arranger

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Dealers

Banco Espirito Santo e Comercial de Lisboa Citicorp Investment Bank Limited

Credit Suisse First Boston Limited

Daiwa Europe Limited

Merrill Lynch International Limited

Issuing and Paying Agent Citibank, N.A.

July 24, 1989

During a lull in trading, Mr FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Meckenzie in conjunction with the institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS _		TUI	ESDAY AUC	3UST 1 196	8		MOND	AY JULY 31	1989	DO	LLAR INDE	x
Figures in parentheses show number of stocks per grouping	U2 Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Starting Index	Local Currency Index	1989 High	1989 Low	Year age (approx)
Australia (85)	143,26	+ 0.7	128.38	125.35	+0.2	4.74	142.22	126.52	125.10	157.12	128.28	148.10
Austria (191	130.95	+ 1.1	117.34	127.11	+1.1	1.91	129.51	115.22	125,69	130.95	92.84	86.33
Belgium (\$3)	135.83	+0.6	121.71	131.14	+0.5	4.17	134.99	120.09	130.49	137.10	125.58	113.43
Canada (124)	150.64	+0.5	134.99	128.12	+0.0	3.14	149.83	133.30	128.13	150.64	124.67	124.22
Denmark (36)	216.71	+ 0.3	194, 18	213.99	+0.2	1.47	218,18	192.28	213.48	212.89	165.35	127.09
Finland (26)	145,36	+0.7	130.27	128.23	+0.7	2.13	144,33	128.40	127.31	159.16	125.81	129.34
France (127)	132_49	+0.7	112.72	131_24	+0.7	2.89	131.51	117.00	130.27	132.49	112.57	93.17
West Garmany (100)	99.06	+1.9	88.77	96.05	+ 1.9	2.12	97.17	86.45	94.24	99.06	79.56	75.24
Hong Kong (49)	108.34	+ 0.4	a7.08	108.58	+ 0.4	4.95	107.88	95.97	108.11	140.33	65.41	109.94
Ireland (17)	158.94	+0.4	142.43	156.51	+0.4	2.86	156.34	140.67	155.91	158.94	125.00	134,60
Italy (97)	93,70	+ 0.5	83.96	93.84	+0.5	2.39	93.26	82,87	93.41	93.70	74.97	73.50
Japan (455)	193.86	+0.1	173.58	167.42	+0.0	0.47	193.44	172.09	167.46	200.11	164.22	169.63
Malaysia (36)	190.32	-0.1	170.54	195.41	+0.1	2.45	190.48	169.46	195.14	190.48	143.35	152.12
Mexico (13)	261.36	- 2.6	234.21	722.97	-2.5	0.70	268.22	238.62	741.80	277.40	153.32	154.79
Netherland (43)	129.47	+0.5	116.02	124.30	+0.5	4.17	128.86	114.64	123.74	129.47	110.63	108.79
Naw Zealand (21)	69.33	+ 1.2	62.19	62.21	+0.8	5.85	68.50	60.94	62.09	76.02	62.64	60.16
Norway (25	185.35	+0.5	166.09	172.33	+0.5	1.50	184.49	164.13	171.53	198.39	139.92	121.60
Singapore (26)	168.60	0.4	151.26	151.77	- O.S	1.67	169.43	150.73	152.25	169.43	124.57	133.63
South Africa (60)	149.04	+ 1.3	133.55	135.73	+ 1.3	3.96	147.16	130.92	134.03	153.27	115.35	113.61
Spain (43)	158.40	+0.7	140.15	139.21	8.0+	3.72	155.36	138.22	137.77	156.40	143.14	147.89
Swedan (35)	185.02	+0.4	165.80	174.75	+0.3	1.97	184.33	163.99	174,17	185.02	138.45	119.13
Switzerland (84)	91.42	- 0.1	21.92	91.11	+0.0	211	91.47	21.88	91.11	91.47	67.81	77.60
United Kingdom (312)	156.63	- 1.0	140.35	140.35	-0. <u>s</u>	4.15	158.12	140.70	140.70	158.1a	133.28	132.54
USA (552)	139.88	-0.\$	125.34	139.88	-0.a	3.25	140.75	125.22	140.75	140.75	112.18	110.65
Europe (1007)	151.11	+0.1	117.48	122.67	+0.4	3.34	151.01	112,58	122.21	131.11	112.63	105.78
Nordic (122)	176.27	+0.4	157.95	162.40	+0.3	1.74	175.63	1 5 6.24	161.85	176.27	137.95	114.03
Pacific Basin (872)	186.49	+0.1	168.21	163.53	+0.0	0.69	188.21	167.44	163.54	194.72	160.44	166.41
Euro - Pacific (1679)	165.63	+0.1	148.42	147.15	+0.1	1.55	166.42	147,17	146.97	165.63	141.56	142.12
North America (675)	140.42	- O.5	125.83	139.15	- o.a	3.25	141.19	125.\$1	139.96	141.18	112.79	111.39
Europe Ex. UK (695)	114.94	+0.9	103.00	111.75	+0.9	2.74	118.94	101.36	110.79	114.94	96.30	39.17
Pacific Ex. Japan (217)	126.39 165.00	+0.5	113.26	114.97	+0.3	4.55	125.69	111.82	114.67	137.65	111.93	127.57
World Ex. US (1876)		+0.1	147.86	146.51	+0.1	1.62	184.77	146.58	146.43	165.00	141,49	141 <i>.2</i> 7
World Ex. UK (2116)	154.79	+0.0	138.71	144.70	-0.1	1.94	154.81	137.73	144,85	154.61	136,98	129.21
World Ex. So. Af. (2368)	154.98	-0.1	138.67	144.33	-0.1	2.13	155.15	138.02	144.51	155.15	138.67	129.59
World Ex. Japan (1973)	136.57	- 0.3	122.38	132.49	-0.2	3.34	136.93	121.82	132,73	136.93	114.51	110.25
The World Index (2428)	154.84	-0.1	138.84	144.27	−0 ,1	2.14	155.09	137.98	144,44	155.09	136.68	129,49

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